

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **June 30, 2009**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number _____



LANDMARK LAND COMPANY, INC.

(Exact Name of Registrant as specified in its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation or Organization)

77-0024129

(I.R.S. Employer Identification No.)

2817 Crain Highway, Upper Marlboro, Maryland

(Address of Principal Executive Offices)

20774

(Zip Code)

(301) 574-3330

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reported company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of the issuer's common stock, \$0.50 par value as of August 13, 2009 was 7,567,530.

Landmark Land Company, Inc.

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QUARTER ENDED JUNE 30, 2009

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IMPORTANT ADVISORY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and the documents incorporated into this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), including, but not limited to, statements relating to the company's business objectives and strategy. Such forward-looking statements are based on current expectations, management beliefs, certain assumptions made by the company's management, and estimates and projections about the company's industry. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "forecasts," "is likely," "predicts," "projects," "judgment," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict with respect to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may differ materially from those expressed, forecasted, or contemplated by any such forward-looking statements.

Factors that could cause actual events or results to differ materially include, but are not limited to, the following: early terminations of existing golf course management agreements; the company's ability to expand its golf management business; general demand for the company's services or products, intense competition from other golf course managers and residential developers/builders; the company's limited cash flow from operations; changes in laws and regulations affecting the company and/or its services; the outcomes of future litigation and contingencies; trends in the golf and housing industry; changes in local, national and international economies; the current war against terrorism; risks arising from natural disasters; risks involved in doing business in foreign countries; and risks inherent in and associated with doing business in a recreational and/or interest rate sensitive industry. Given these uncertainties, investors are cautioned not to place undue reliance on any such forward-looking statements.

Unless required by law, the company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the risk factors set forth in other reports or documents that the company files from time to time with the Securities and Exchange Commission (the "SEC"), particularly Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

PART I – FINANCIAL INFORMATION .

Item 1. Consolidated Financial Statements

Landmark Land Company, Inc.
Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
Assets	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ 337,504	\$ 270,278
Accounts receivable	95,546	302,804
Receivable from affiliates	502,216	1,265,250
Inventories	99,945	118,441
Other current assets	178,026	259,523
Total current assets	<u>1,213,237</u>	<u>2,216,296</u>
Real estate and golf management contract rights acquired, net of accumulated amortization of \$961,726 in 2009 and 2008	<u>2,323,861</u>	<u>2,323,861</u>
Real Estate		
Real estate held for sale	4,506,583	3,163,498
Real estate held for or under development	10,867,227	12,366,236
Total real estate	<u>15,373,810</u>	<u>15,529,734</u>
Property and equipment, net of accumulated depreciation of \$1,535,017 and \$1,213,198 in 2009 and 2008, respectively	<u>5,770,276</u>	<u>6,091,385</u>
Other assets		
Investment in unconsolidated affiliates	14,963,990	15,734,327
Receivable from affiliates, non-current	516,787	548,551
Deposits	85,355	80,181
Deferred tax assets	4,400,000	4,400,000
Total other assets	<u>19,966,132</u>	<u>20,763,059</u>
Total assets	<u><u>\$ 44,647,316</u></u>	<u><u>\$ 46,924,335</u></u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

**Landmark Land Company, Inc.
Consolidated Balance Sheets**

	June 30, 2009	December 31, 2008
Liabilities and Stockholders' Equity	(Unaudited)	
Current liabilities		
Current portion of notes payable to others	\$ 13,400,638	\$ 13,644,621
Current portion of liabilities to affiliates	1,223,768	1,192,074
Accounts payable and accrued expenses	1,022,885	1,165,343
Accrued payroll and related expenses	556,160	404,373
Accrued interest due affiliates	1,078,758	971,905
Accrued interest due others	389,985	367,082
Other liabilities and deferred credits	189,215	97,947
Dividends payable	108,407	8,407
Current income taxes	16,140	5,061
Total current liabilities	<u>17,985,956</u>	<u>17,856,813</u>
Liabilities due after one year		
Notes payable to others, due after one year	3,479,131	3,542,310
Note payable to affiliate, due after one year	1,310,000	200,000
Total liabilities payable after one year	<u>4,789,131</u>	<u>3,742,310</u>
Total liabilities	<u>22,775,087</u>	<u>21,599,123</u>
Stockholders' equity		
Preferred stock, Series C, non-voting, \$.50 par value; \$100 liquidation value; \$10 cumulative annual dividend; 50,000 shares authorized; 20,000 shares issued and outstanding, stated at liquidation value	2,000,000	2,000,000
Common stock, \$.50 par value; 20,000,000 shares authorized; 8,804,468 shares issued; 7,567,530 shares outstanding	4,402,234	4,402,234
Additional paid-in capital	30,477,466	30,449,470
Treasury stock, at cost, 1,236,938 shares	(1,299,820)	(1,299,820)
Accumulated deficit	(13,647,580)	(10,167,890)
Accumulated other comprehensive loss	(60,071)	(58,782)
Total stockholders' equity	<u>21,872,229</u>	<u>25,325,212</u>
Total liabilities and stockholders' equity	<u>\$ 44,647,316</u>	<u>\$ 46,924,335</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Landmark Land Company, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenue				
Real estate sales	\$ 1,178,015	\$ 1,695,185	\$ 1,312,335	\$ 3,252,312
Real estate services revenue	341,786	257,993	656,945	513,012
Golf course revenue	301,785	311,077	680,889	748,265
Golf merchandise sales	55,065	73,628	112,831	148,108
Food and beverage sales	343,102	206,299	531,155	317,759
Management and consulting fees	337,764	669,126	730,852	1,775,207
Reimbursement of out-of-pocket expenses	315,133	417,689	823,472	818,655
Total revenues	<u>2,872,650</u>	<u>3,630,997</u>	<u>4,848,479</u>	<u>7,573,318</u>
Costs of revenue				
Cost of real estate sold	779,784	1,272,203	856,175	2,271,984
Real estate operating expenses	547,422	713,702	1,089,992	1,420,360
Cost of golf merchandise sold	46,547	52,027	89,234	103,009
Cost of food and beverage sold	125,459	86,105	206,832	136,019
Golf operating expenses	580,755	599,016	1,064,171	1,073,477
Out-of-pocket expenses	315,133	417,689	823,472	818,655
Management and consulting payroll and related expenses	1,015,003	1,108,160	2,082,207	2,158,919
Depreciation and amortization	160,395	148,829	320,786	333,155
Total costs of revenue	<u>3,570,498</u>	<u>4,397,731</u>	<u>6,532,869</u>	<u>8,315,578</u>
Operating (loss)	<u>(697,848)</u>	<u>(766,734)</u>	<u>(1,684,390)</u>	<u>(742,260)</u>
General, administrative and other expenses	<u>(261,589)</u>	<u>(481,843)</u>	<u>(521,965)</u>	<u>(1,071,645)</u>
Other (expenses) income				
Equity in (loss) income of unconsolidated affiliates	(403,693)	380,080	(800,813)	5,682,561
Interest income	298	14,573	608	48,600
Interest expense	(191,261)	(148,033)	(343,463)	(324,569)
Total other (expenses) income	<u>(594,656)</u>	<u>246,620</u>	<u>(1,143,668)</u>	<u>5,406,592</u>
Net (loss) income before income taxes	<u>(1,554,093)</u>	<u>(1,001,957)</u>	<u>(3,350,023)</u>	<u>3,592,687</u>
Federal and state income taxes	<u>(23,967)</u>	<u>(9,847)</u>	<u>(29,667)</u>	<u>(283,279)</u>
Net (loss) income	<u>\$ (1,578,060)</u>	<u>\$ (1,011,804)</u>	<u>\$ (3,379,690)</u>	<u>\$ 3,309,408</u>
Basic (loss) income per common share	<u>\$ (0.22)</u>	<u>\$ (0.14)</u>	<u>\$ (0.46)</u>	<u>\$ 0.43</u>
Basic weighted average shares outstanding	<u>7,567,530</u>	<u>7,567,530</u>	<u>7,567,530</u>	<u>7,567,530</u>
Diluted (loss) income per common share	<u>\$ (0.22)</u>	<u>\$ (0.14)</u>	<u>\$ (0.46)</u>	<u>\$ 0.43</u>
Diluted weighted average shares outstanding	<u>7,567,530</u>	<u>7,567,530</u>	<u>7,567,530</u>	<u>7,567,530</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Landmark Land Company, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three months ended June		Six months ended June 30,	
	30,			
	2009	2008	2009	2008
Net (loss) income	\$ (1,578,060)	\$ (1,011,804)	\$ (3,379,690)	\$ 3,309,408
Other comprehensive (loss) income				
Foreign currency translation adjustments	(4,377)	(930)	(1,289)	8,895
Comprehensive (loss) income	<u>\$ (1,582,437)</u>	<u>\$ (1,012,734)</u>	<u>\$ (3,380,979)</u>	<u>\$ 3,318,303</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Landmark Land Company, Inc.
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2009 and 2008
(Unaudited)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net (loss) income for the period	\$ (3,379,690)	\$ 3,309,408
Adjustments to reconcile net (loss) income to net cash (used) by operating activities:		
Depreciation and amortization	320,786	333,155
Stock options expensed	27,996	42,326
Loss on disposal of property and equipment	1,085	-
Equity in loss (income) of unconsolidated affiliates	800,813	(5,682,561)
(Increase) decrease in		
Accounts receivable	207,257	103,156
Receivable from affiliates	794,729	(852,385)
Real estate inventory	155,924	(100,410)
Golf inventories	18,496	(11,674)
Other current assets	81,497	10,660
Deposits	(5,174)	(80,180)
Deferred tax assets	-	268,000
Increase (decrease) in		
Accounts payable and accrued expenses	(142,458)	(224,586)
Accrued payroll and related expenses	151,787	58,703
Accrued interest	129,756	139,496
Other liabilities and deferred credits	91,268	(41,023)
Current income taxes	11,079	(65,168)
Net cash (used) by operating activities	<u>(734,849)</u>	<u>(2,793,083)</u>
Cash flows from investing activities		
Purchase of property and equipment, net	(763)	(27,292)
Net cash (used) by investing activities	<u>(763)</u>	<u>(27,292)</u>
Cash flows from financing activities		
Proceeds from notes payable to others	629,445	1,685,122
Repayments on debt to others	(936,607)	(1,936,619)
Proceeds from debt to affiliates	1,110,000	-
Cash dividends paid on common stock	-	(378,378)
Cash dividends paid on preferred stock	-	(50,000)
Net cash provided (used) by financing activities	<u>802,838</u>	<u>(679,875)</u>
Net increase (decrease) in cash during period	67,226	(3,500,250)
Cash balance, beginning of period	270,278	4,934,820
Cash balance, end of period	<u>\$ 337,504</u>	<u>\$ 1,434,570</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including \$4,000 interest paid to affiliates in 2009 and none in 2008	<u>\$ 428,240</u>	<u>\$ 457,534</u>
Cash paid for income taxes	<u>\$ 17,188</u>	<u>\$ 5,308</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Landmark Land Company, Inc.
Notes To Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 3 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes normally included in the annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The company has evaluated subsequent events through the time of filing these financial statements with the Securities Exchange Commission on August 13, 2009. Operating results for the six-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2009. There have been no significant changes to accounting policies or critical estimates during the second quarter of 2009. For further information, please refer to the audited financial statements and footnotes thereto included in the company's Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission.

The accompanying financial statements include the assets, liabilities, revenues and expenses of Landmark Land Company, Inc. and its wholly-owned subsidiaries, Landmark of Spain, Inc., DPMG, Inc., LML Caribbean, LTD., Lake Presidential Beverage Company, Inc., South Padre Island Development, LLC, South Padre Island Realty, LLC, and SPIBS, LLC. The three entities related to the South Padre project, South Padre Island Development, LLC, South Padre Island Realty, LLC, and SPIBS, LLC, are sometimes collectively referred to as "South Padre". All significant inter-company accounts and transactions have been eliminated in consolidation.

LML Caribbean, LTD owns one third interest in Apes Hill Development SRL ("Apes Hill") and accounts for its investment on the equity basis. Apes Hill's functional currency is the Barbados dollar. Apes Hill reported the following results for periods shown below, converted to US dollars at the exchange rate of two Barbados dollars to one US dollar:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 1,167,380	\$ 2,589,433	\$ 1,591,033	\$ 31,122,875
Gross profit	\$ 521,688	\$ 1,559,555	\$ 740,231	\$ 18,714,531
Profit (loss) from continuing operations	\$ (748,926)	\$ 1,002,347	\$ (1,918,637)	\$ 17,480,819
Net income (loss)	\$ (748,926)	\$ 1,002,347	\$ (1,918,637)	\$ 17,480,819

Apes Hill closed 2 lot sales in the second quarter of 2009 generating US \$1.1 million in revenue compared to 6 lot sales in the second quarter of 2008 generating US \$2.5 million in revenue. At June 30, 2009, Apes Hill reported 15 lots and 2 houses under contract with a total sales value of approximately US \$31.4 million.

The company has a receivable from Apes Hill in the amount of \$0.3 million at June 30, 2009 representing unpaid management fees and out-of-pocket expenses. The amount is reported in the Consolidated Balance Sheet as Receivable from affiliates.

Landmark of Spain, Inc. owns a 50% interest in a Spanish company, Landmark Developments of Spain, SL (“Landmark Spain”). Landmark of Spain, Inc. accounts for its investment on the equity basis. Landmark Spain’s functional currency is the Euro. Landmark Spain reported the following results for the periods shown below, converted to US dollars at the approximate average rate of exchange during each period:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 592	\$ 303,362	\$ 35,408	\$ 303,671
Gross profit (loss)	\$ (46,516)	\$ 91,929	\$ (60,949)	\$ (288,757)
Profit (loss) from continuing operations	\$ (46,516)	\$ 91,929	\$ (60,949)	\$ (288,757)
Net income (loss)	\$ (46,516)	\$ 91,929	\$ (60,949)	\$ (288,757)

The company has a receivable from this affiliate of \$0.6 million as of June 30, 2009. In addition, the company has recorded cumulative losses from this investment of \$89,000 more than its original capital investment of \$1.3 million and this excess loss is reported as a reduction to the company’s receivable from the affiliate.

DPMG owns 7.45% of **Presidential Golf Club, LLC**, a Maryland limited liability company (“Presidential”). Presidential has developed an 18-hole championship golf course, Lake Presidential Golf Club, on approximately 240 acres of land in Upper Marlboro, Maryland. The course was opened for play on May 1, 2008. During the second quarter of 2009, the company corrected the accounting for its investment in Presidential from the cost method to the equity method in recognition of Presidential’s legal structure as a limited liability company which maintains specific ownership accounts for each investor. The \$131,000 recorded as Landmark’s 7.45% share of Presidential’s loss through June 30, 2009 includes \$90,000 applicable to the year ended December 31, 2008. The 2008 adjustment included in the 2009 financial statements is not material to the company’s reported operating results for either period. Presidential reported the following results for the periods shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 1,077,416	\$ 700,228	\$ 1,366,864	\$ 700,228
Gross profit	\$ 226,554	\$ 108,887	\$ 290,006	\$ 108,887
Loss from continuing operations	\$ (46,903)	\$ (137,486)	\$ (541,537)	\$ (137,486)
Net loss	\$ (46,903)	\$ (137,486)	\$ (541,537)	\$ (137,486)

The company has receivables from Presidential totaling \$0.2 million at June 30, 2009, representing unpaid management fees, out-of-pocket expenses, short-term working capital loans, and accrued interest. The amount is reported in the Consolidated Balance Sheet as Receivable from affiliates.

Lake Presidential Beverage Company, LLC is a wholly owned subsidiary of the company formed on November 7, 2007 to hold the alcoholic beverage license for the Lake Presidential Golf Club in Maryland.

2. Liquidity and Capital Resources

The company’s current operating results are largely dependent on real estate sales in its developments in Texas and Barbados. The general economic recession in the US that began in late 2007 has hit the real estate market particularly hard. The company’s properties are suffering along with most other real estate developments in the US and abroad. Sales contracts already in the pipeline at the end of 2007, particularly in the Apes Hill development in Barbados, generated profitable sales for the company in 2008. However, new contracts in 2008 and in the first six months of 2009 were minimal. Although prospective purchaser traffic has increased in our Texas development over the last three months, most shoppers are still looking to find bargains at the bottom of the market. We continue to liquidate existing inventories of lots and houses at reduced profit margins and defer any significant additional development until the market improves.

During the second half of 2008 and the first half of 2009 the company has taken various actions to reduce expenses and minimize operating losses. Recognizing that, historically, personnel costs have accounted for more than half of the company's operating costs (excluding the cost of real estate and merchandise sold), management has reduced the number of employees by approximately 37% from 132 employees at June 30, 2008 to 83 employees at June 30, 2009. In the second quarter of 2009, the company grounded its airplane and terminated employment of its pilots. To further conserve cash, a portion of the salaries of certain officers is being accrued with actual payment deferred until cash flow improves. An affiliate of the company's chairman and chief executive officer loaned the company approximately \$1.1 million in working capital funds during the first half of 2009. Additional comments on the company's actions to manage its way through the current recession are included in the liquidity and capital resources paragraphs below.

The company anticipates a small profit from its Barbados affiliate in 2009, but expects losses from its domestic operations. The cash flow generated in Barbados is expected to be used to repay bank loans and/or to be reinvested in continuing development of the Apes Hill property so that accumulated profits are not expected to be available for distribution to the owners until 2010 or 2011. To reduce the anticipated 2009 cash flow shortfall from domestic operations, the company has reduced operating expenses, including reductions in personnel and deferral of payment of a portion of certain company executives' salaries as discussed in the overview above. Current staffing levels remain adequate to service additional projects that the company is pursuing. To meet the remaining cash flow shortfall, the company has received a loan of approximately \$1.1 million from an affiliate, has applied for new lines of credit from banks operating in the Caribbean and is exploring additional working capital loans from other sources; however, there is no guarantee that additional funding will be received. If loans are not received, or if our current bank lenders do not renew existing credits or if affiliates should call their working capital loans, the company could be required to make further reductions in personnel and to liquidate real estate or other assets at prices less than would be expected under normal operating conditions. The Consolidated Financial Statements do not reflect any adjustments that might result from the outcome of these uncertainties.

The company's Consolidated Balance Sheet at June 30, 2009 reports current assets totaling \$1.2 million and current liabilities totaling \$18.0 million for a \$16.8 million excess of current liabilities over current assets. Approximately \$12.5 million of the current liabilities is due to two Texas banks that have funded the company's South Padre real estate development for the last ten years. One bank has renewed credit lines totaling \$2.0 million for another year to May 2010 and the other, whose loans mature in July and August 2009, has agreed to renew on substantially the same terms, except for a \$1.0 million reduction in the maximum amount, reducing its credit lines to \$11.4 million. We do not expect the change to have any significant impact on the company's real estate operations. Additionally, approximately \$2.3 million of the current liabilities is owed to affiliates who have advanced funds for working capital and are not expected to demand repayment until the company's liquidity position improves.

3. Earnings Per Share

Earnings per share (EPS) are computed using weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the common stock options granted to employees, directors and legal counsel in 2006 and 2007. The following is a reconciliation of the numerators and denominators used in the calculation of earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net (loss) income	\$ (1,578,060)	\$ (1,011,804)	\$ (3,379,690)	\$ 3,309,408
Less: Preferred dividends	(50,000)	(25,000)	(100,000)	(50,000)
Net (loss) income available to common shareholders	(1,628,060)	(1,036,804)	(3,479,690)	3,259,408
Weighted average common shares outstanding	7,567,530	7,567,530	7,567,530	7,567,530
Incremental shares from assumed exercise of dilutive options	-	-	-	-
Diluted weighted average common shares outstanding	7,567,530	7,567,530	7,567,530	7,567,530
Basic (loss) income per common share	\$ (0.22)	\$ (0.14)	\$ (0.46)	\$ 0.43
Diluted (loss) income per common share	\$ (0.22)	\$ (0.14)	\$ (0.46)	\$ 0.43

The dilutive effect of the employee stock options and directors' options is reported using the treasury stock method.

4. Stock Option Plans

The 2006 Landmark Land Company, Inc. Incentive Stock Option Plan (“Plan”) was adopted by the Board of Directors on April 29, 2006 and approved by the shareholders on November 18, 2006. Generally, options must be granted within ten years of the plan adoption date, vest five years from the date of grant, and be exercised within five years from the date of vesting.

A summary of options issued to employees under the company’s incentive stock option plan as of June 30, 2009, and changes during the six months then ended is presented below:

Options	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2009	606,000	\$ 0.62
Granted	-	-
Vested	-	-
Forfeited	83,000	-
Outstanding at June 30, 2009	523,000	\$ 0.60
Exercisable at June 30, 2009	-	-

During the first six months of 2009, the company recognized share-based compensation costs in the amount of \$28,000. As of June 30, 2009, there was \$161,000 of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the plan. That cost is expected to be recognized over the remaining 3.4 years vesting period for grants outstanding under the plan.

The company has also entered into agreements with its outside directors and legal counsel under which it granted options to purchase the company’s common shares. Options to purchase a total of 300,000 shares have been granted under these agreements with an exercise price equal to the fair market value at the time of grant. These options vest immediately and expire five years from the date of grant.

A summary of options issued under the agreements with directors and legal counsel as of June 30, 2009, and changes during the six months then ended is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2009	300,000	\$ 2.23		
Granted	-	-		
Exercised	-	-		
Forfeited or expired	-	-		
Outstanding at June 30, 2009	300,000	\$ 2.23	2.2 years	-
Exercisable at June 30, 2009	300,000	\$ 2.23	2.2 years	-

There was no related unrecognized cost related to the directors and legal counsel options as of June 30, 2009.

5. Reclassifications

Certain reclassifications have been made in the 2008 financial statements to conform to the 2009 presentation. These changes had no effect on net income.

6. Commitments

The company's subsidiary, South Padre, provides a one-year latent defects warranty and a ten-year structural warranty on the houses it builds. The accompanying financial statements include a provision for warranty expense calculated as approximately .5% of gross house sales. The summary of warranty accruals for the six months ended June 30, 2009 and 2008 follows:

	2009	2008
Warranty accrual balance January 1,	\$ 90,897	\$ 132,165
Provision for warranty	5,498	15,001
Payments	(18,102)	(34,127)
Warranty accrual balance June 30,	\$ 78,293	\$ 113,039

7. Income Taxes

The company reported a loss before income taxes of \$3.4 million for the six-month period ended June 30, 2009. The provision for federal and state income taxes is a net provision of \$30,000 and is comprised of estimated current state taxes. Deferred federal and state tax benefits of approximately \$1.2 million generated by the current period loss are offset by an increase in the deferred tax asset valuation allowance in the same amount.

It should be noted that the estimated net future benefit available to the company from all its deferred tax positions is approximately \$48.9 million at June 30, 2009; however, realization of that benefit is dependent on the company's ability to generate taxable income in the future. The company has established a deferred tax asset valuation allowance to reduce the carrying value of the deferred tax asset to an amount that is more likely than not to be realized in the future. Based on a current evaluation of historical and prospective earnings, the company increased the valuation allowance during the first half of 2009 by approximately \$1.2 million to a balance of \$44.6 million, reducing the net deferred tax benefit to \$4,400,000 as of June 30, 2009.

The company had no material unrecognized tax benefits at June 30, 2009, nor does it expect any significant change in that status during the next 12 months. No accrued interest or penalties on uncertain tax positions have been included on the statements of operations or the statement of financial condition as of June 30, 2009. Should the company adopt tax positions for which it would be appropriate to accrue interest and penalties, such costs would be reflected in the tax expense for the period in which such costs accrued. The company is subject to U.S. federal income tax and to several state and foreign jurisdictions. Returns filed for tax periods ending after December 31, 2004 are still open to examination by those relevant taxing authorities.

8. Segment Information

The company's operations are comprised of four segments – real estate, golf, management services, and corporate investments and administration. The following table summarizes the three months and six months ended June 30, 2009 and 2008 operations by segment:

	Three Months Ended June 30, 2009				
	Real Estate	Golf	Management	Corporate	Total
Revenue	\$ 1,519,801	\$ 699,952	\$ 652,897	\$ -	\$ 2,872,650
Costs of revenue	(1,327,206)	(752,761)	(1,330,136)	-	(3,410,103)
Depreciation and amortization	(17,111)	(34,510)	(7,130)	(101,644)	(160,395)
Operating income (loss)	175,484	(87,319)	(684,369)	(101,644)	(697,848)
General and administrative	-	-	-	(261,589)	(261,589)
Other income (expenses)	-	-	-	(594,656)	(594,656)
Federal & state income taxes	(57,177)	30,764	252,299	(249,853)	(23,967)
Net income (loss)	\$ 118,307	\$ (56,555)	\$ (432,070)	\$ (1,207,742)	\$ (1,578,060)
Long-lived assets	\$ 16,531,646	\$ 1,628,938	\$ 6,505,358	\$ 18,768,137	\$ 43,434,079
Other assets	288,723	271,439	634,433	18,642	1,213,237
Total assets	\$ 16,820,369	\$ 1,900,377	\$ 7,139,791	\$ 18,786,779	\$ 44,647,316

	Three Months Ended June 30, 2008				
	Real Estate	Golf	Management	Corporate	Total
Revenue	\$ 1,953,178	\$ 591,004	\$ 1,086,815	\$ -	\$ 3,630,997
Costs of revenue	(1,985,905)	(737,148)	(1,525,849)	-	(4,248,902)
Depreciation and amortization	(9,605)	(30,406)	(7,174)	(101,644)	(148,829)
Operating income (loss)	(42,332)	(176,550)	(446,208)	(101,644)	(766,734)
General and administrative	-	-	-	(481,843)	(481,843)
Other income (expenses)	-	-	-	246,620	246,620
Federal & state income taxes	20,741	60,599	169,016	(218,721)	(9,847)
Net income (loss)	\$ (63,073)	\$ (115,951)	\$ (277,192)	\$ (555,588)	\$ (1,011,804)
Long-lived assets	\$ 16,389,640	\$ 1,026,203	\$ 6,551,454	\$ 13,864,922	\$ 37,832,219
Other assets	765,806	368,313	1,749,715	752,083	3,635,916
Total assets	\$ 17,155,446	\$ 1,394,515	\$ 8,301,169	\$ 14,617,005	\$ 41,468,135

	Six Months Ended June 30, 2009				
	Real Estate	Golf	Management	Corporate	Total
Revenue	\$ 1,969,280	\$ 1,324,875	\$ 1,554,324	\$ -	\$ 4,848,479
Costs of revenue	(1,946,167)	(1,360,237)	(2,905,679)	-	(6,212,083)
Depreciation and amortization	(32,642)	(70,596)	(14,261)	(203,287)	(320,786)
Operating income (loss)	(9,529)	(105,958)	(1,365,616)	(203,287)	(1,684,390)
General and administrative	-	-	-	(521,965)	(521,965)
Other income (expenses)	-	-	-	(1,143,668)	(1,143,668)
Federal & state income taxes	3,315	36,858	475,041	(544,881)	(29,667)
Net income (loss)	\$ (6,214)	\$ (69,100)	\$ (890,575)	\$ (2,413,801)	\$ (3,379,690)

	Six Months Ended June 30, 2008				
	Real Estate	Golf	Management	Corporate	Total
Revenue	\$ 3,765,324	\$ 1,214,132	\$ 2,593,862	\$ -	\$ 7,573,318
Costs of revenue	(3,692,344)	(1,312,505)	(2,977,574)	-	(7,982,423)
Depreciation and amortization	(17,244)	(61,105)	(51,519)	(203,287)	(333,155)
Operating income (loss)	55,736	(159,478)	(435,231)	(203,287)	(742,260)
General and administrative	-	-	-	(1,071,645)	(1,071,645)
Other income (expenses)	-	-	-	5,406,592	5,406,592
Federal & state income taxes	(20,824)	59,583	162,609	(484,647)	(283,279)
Net income (loss)	\$ 34,912	\$ (99,895)	\$ (272,622)	\$ 3,647,013	\$ 3,309,408

9. Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." The statement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the date that the financial statements are issued or are available to be issued, and requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009, and therefore, was effective for the company this quarter. The adoption of this pronouncement did not have a material impact on the company's consolidated financial position, results of operations or cash flows. The additional disclosures required by this standard are included in Note 1.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets." The statement is a revision to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and will require more information about transfers of financial assets, including securitization transactions, and where there is continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 166 is effective at the start of a company's first fiscal year beginning after November 15, 2009 and early adoption is not permitted. The company is currently evaluating the impact of the adoption of SFAS No. 166; however, it is not expected to have a material impact on the company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." The statement is a revision to FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities," and changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. SFAS No. 167 is effective at the start of a company's first fiscal year beginning after November 15, 2009 and early adoption is not permitted. The company is currently evaluating the impact the adoption of SFAS No. 167 will have on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162." SFAS No. 168 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the SFAS No. 168 will not impact the company's consolidated financial position, results of operations or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The company, through subsidiaries, owns and manages for others, interests in real estate and golf oriented real estate developments. After a long period of relative dormancy, the company acquired its first operating companies in 2003 and has continued to rebuild its business through acquisitions and expansion. The company's current operating results are largely dependent on real estate sales in its developments in Texas and Barbados. The general economic recession in the US that began in late 2007 has hit the real estate market particularly hard. The company's properties are suffering along with most other real estate developments in the US and abroad. Sales contracts already in the pipeline at the end of 2007, particularly in the Apes Hill development in Barbados, generated profitable sales for the company in 2008. However, new contracts in 2008 and in the first six months of 2009 were minimal. Although prospective purchaser traffic has increased in our Texas development over the last three months, most shoppers are still looking to find bargains at the bottom of the market. We continue to liquidate existing inventories of lots and houses at reduced profit margins and defer any significant additional development until the market improves.

During the second half of 2008 and the first half of 2009 the company has taken various actions to reduce expenses and minimize operating losses. Recognizing that, historically, personnel costs have accounted for more than half of the company's operating costs (excluding the cost of real estate and merchandise sold), management has reduced the number of employees by approximately 37% from 132 employees at June 30, 2008 to 83 employees at June 30, 2009. In the second quarter of 2009, the company grounded its airplane and terminated employment of its pilots. To further conserve cash, a portion of the salaries of certain officers is being accrued with actual payment deferred until cash flow improves. An affiliate of the company's chairman and chief executive officer loaned the company approximately \$1.1 million in working capital funds during the first half of 2009. Additional comments on the company's actions to manage its way through the current recession are included in the liquidity and capital resources paragraphs below.

The company's consolidated statements of operations and cash flows for the six months ended June 30, 2009 and 2008 include the operations of the company and its subsidiaries identified in Note 1 to the Consolidated Financial Statements. The loss reported in these statements for 2009 reflects the depressed real estate market described above. Year to year comparisons should be analyzed carefully and historical results should not be assumed to be indicative of the company's future operations.

Management's additional analysis of the company's operations during the three and six month periods ended June 30, 2009 and 2008 and comments on its current financial condition are as follows:

Liquidity and capital resources

The company anticipates a small profit from its Barbados affiliate in 2009, but expects losses from its domestic operations. The cash flow generated in Barbados is expected to be used to repay bank loans and/or to be reinvested in continuing development of the Apes Hill property so that accumulated profits are not expected to be available for distribution to the owners until 2010 or 2011. To reduce the anticipated 2009 cash flow shortfall from domestic operations, the company has reduced operating expenses, including reductions in personnel and deferral of payment of a portion of certain company executives' salaries as discussed in the overview above. Current staffing levels remain adequate to service additional projects that the company is pursuing. To meet the remaining cash flow shortfall, the company has received a loan of approximately \$1.1 million from an affiliate, has applied for new lines of credit from banks operating in the Caribbean and is exploring additional working capital loans from other sources; however, there is no guarantee that additional funding will be received. If loans are not received, or if our current bank lenders do not renew existing credits or if affiliates should call their working capital loans, the company could be required to make further reductions in personnel and to liquidate real estate or other assets at prices less than would be expected under normal operating conditions. The Consolidated Financial Statements do not reflect any adjustments that might result from the outcome of these uncertainties.

The company's Consolidated Balance Sheet at June 30, 2009 reports current assets totaling \$1.2 million and current liabilities totaling \$18.0 million for a \$16.8 million excess of current liabilities over current assets. Approximately \$12.5 million of the current liabilities is due to two Texas banks that have funded the company's South Padre real estate development for the last ten years. One bank has renewed credit lines totaling \$2.0 million for another year to May 2010 and the other, whose loans mature in July and August 2009, has agreed to renew on substantially the same terms, except for a \$1.0 million reduction in the maximum amount, reducing its credit lines to \$11.4 million. We do not expect the change to have any significant impact on the company's real estate operations. Additionally, approximately \$2.3 million of the current liabilities is owed to affiliates who have advanced funds for working capital and are not expected to demand repayment until the company's liquidity position improves.

Current assets total \$1.2 million at June 30, 2009 compared to \$2.2 million at December 31, 2008, reflecting, primarily, the collection of receivables and use of most of the cash collected to pay operating expenses.

Real estate and golf management contract rights acquired remained unchanged during the first six months of 2009. The only contract in this asset group with unamortized costs relates to a property in the Hudson Valley of New York state. While no fees are currently being realized from that contract as government approvals are pending for the proposed development, the company expects to recover the remaining unamortized costs from future construction supervision fees and profit incentive fees.

Real estate held for either development or sale totaled \$15.4 million at June 30, 2009 compared to \$15.5 million at December 31, 2008, reflecting slightly less inventory added through continuing construction than was sold during the period.

Property and equipment decreased approximately \$0.3 million, reflecting depreciation recorded in the first half of 2009.

Other assets are comprised primarily of *investments in unconsolidated affiliates* which decreased approximately \$0.8 million in the first half, reflecting losses recognized in Apes Hill, Landmark Spain, and Presidential, and *deferred tax assets* of \$4.4 million which is discussed in Note 7.

Liabilities totaled \$22.8 million at June 30, 2009 – a net increase of approximately \$1.2 million from December 31, 2008. The increase results primarily from \$1.1 million borrowed from an affiliate for working capital.

The company has no *off-balance sheet arrangements* that have or are reasonably likely to have a material current or future effect on the company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Stockholders' equity decreased by approximately \$3.5 million in the first half of 2009, reflecting primarily, the company's net loss of \$3.4 million and \$0.1 million of dividends declared, but not paid, on preferred stock.

There were no commitments regarding purchase or sale of the company's stock at June 30, 2009; however, see Note 4 to the Consolidated Financial Statements regarding stock options outstanding.

Revenue

Real estate sales at South Padre totaled 5 lots and 4 houses during the six months ended June 30, 2009, generating \$1.3 million in revenue, including 2 lots and 4 houses sold in the three months ended June 30, 2009 for total sales of \$1.2 million. In the first six months of 2008, South Padre reported 2 lot sales and 14 house sales generating \$3.3 million in revenue, including 8 houses closed in the second quarter for total sales of \$1.7 million. The decrease in real estate sales apparently reflects continuing apprehension about the global recession. Although the stock market recovered some value during the second quarter and a few 'bottom fishers' bought lots and houses at South Padre during the second quarter, real recovery of the real estate market appears still to be several months away.

Real estate services revenue is comprised primarily of fees charged to homeowners' associations for landscape maintenance services, rents received from tenants in company owned houses that were converted to rental property in 2008, and commissions and fees earned on rental pool operations or on third-party real estate sales. Revenue in the first half of 2009 totaled almost \$0.7 million compared to \$0.5 million in the first half of 2008. In each year, approximately half the revenue was earned in each of the two quarters. In prior years, HOA reimbursement of costs related to the landscape operations were netted against those costs in real estate operating expenses and revenues and costs related to the rental pool operations were included in management and consulting operations. As these operations are now more significant to South Padre's total operations, we are reporting the revenue from these real estate related services separately. 2008 amounts have been reclassified to conform to the 2009 classifications.

Golf related revenue, including food and beverage sold in golf restaurants, totaled \$1.3 million during the six months ended June 30, 2009. Paid golf rounds totaled 17,800. In the same period of 2008, golf rounds totaled 19,600 and total revenue was \$1.2 million. For the three months ended June 30, 2009, the company realized \$0.7 million in revenue from 6,900 rounds, compared to the same period of 2008 when we realized \$0.6 million in golf revenue from 7,700 rounds played. The small increase in revenue in 2009 reflects increased food and beverage sales by Lake Presidential Beverage Company which opened May 1, 2008, partially offset by lower revenues in South Padre.

The South Padre golf course is a public, daily fee course, but is operated primarily as an amenity for the surrounding real estate development. The company anticipates phased development of the land surrounding the golf course to meet future demand in this long-term development property. While the company anticipates a good long-term real estate market and increases in golf play as more golfers move into the residential community, the current depressed real estate sales are evidence that buyer psychology and other factors outside management's control often affect golf and real estate operations.

Management and consulting agreements generated \$0.3 million in fee revenue in the three months ended June 30, 2009 compared to \$0.7 million during the same period of 2008. For the first half of 2009, fee revenue totaled \$0.7 million compared to \$1.8 million for the same period in 2008. The 2009 decrease reflects a significant reduction in planning and construction fees earned in Barbados and in South Padre and in consulting fees recognized in Spain. The company was also reimbursed for out-of-pocket expenses related to its management agreements during the six-month period in the amount of \$0.8 million in both 2009 and 2008.

Costs of revenues

Cost of real estate sold, including land, development, construction, and closing costs, totaled \$0.8 million or 66% of sales in the second quarter of 2009 compared to \$1.3 million or 75% of real estate sales in the same quarter of 2008. Costs for the six months ended June 30, 2009 were \$0.9 million or 65% of sales, compared to \$2.3 million or 70% of sales in the same period of 2008. Gross profit margins are generally higher on lot development than on vertical construction, but differ among various subdivision lot developments and various house models as well; consequently, the gross profit margin realized in any reporting period will vary according to the mix of products sold during the period. The higher profit margin realized in 2009 reflects a higher percentage of lots sold as a percentage of total sales and a higher percentage of harbor units sold as a percentage of total houses sold.

Real estate operating expenses not included in *cost of real estate sold* totaled \$0.5 million and \$1.1 million respectively in the three-month and six-month periods ended June 30, 2009 compared to \$0.7 million and \$1.4 million in the same period of 2008. The lower costs in 2009 reflect additional reductions in personnel and in other costs, primarily advertising and marketing, implemented in response to the continuing depressed real estate market.

Cost of golf merchandise sold in the three-month and six-month periods ending June 30, 2009 totaled \$47,000 (85% of sales) and \$89,000 (79% of sales) respectively, compared to \$52,000 (71% of sales) and \$103,000 (70% of sales) for the same periods of 2008. The increase in cost percentage of merchandise sold reflects adjustments for the cost of missing or dated merchandise identified after a change in golf management in the second quarter of 2009 as well as price mark downs initiated to stimulate sales.

Cost of food and beverage sold in the three-month and six-month periods ending June 30, 2009 totaled \$125,000 (37% of sales) and \$207,000 (39% of sales) respectively, compared to \$86,000 (42% of sales) and \$136,000 (43% of sales) in the same periods of 2008. The increased dollar cost and improved cost percentage reflects results from Lake Presidential Beverage Company that began operations May 1, 2008.

Golf operating expenses totaled \$0.6 million in the second quarter of 2009 and \$1.1 million for the first half of 2009, which totals were approximately the same amounts as were incurred in the same periods in 2008.

Management and consulting payroll and related expenses totaled \$1.0 million and \$2.1 million respectively during the three-month and six-month periods ending June 30, 2009 compared to \$1.1 million and \$2.2 million for the same periods in 2008. The decreased cost reflects termination of several employees in 2009. The 2009 payroll expense includes approximately \$0.2 million of salary due to officers of the company, payment of which is being deferred until cash flow improves.

Depreciation and amortization included in the company's consolidated statement of operations was \$.3 million in the six-month periods ended June 30, 2009 and 2008, with the cost divided approximately equally between the two quarters in each year.

General, administrative and other expense

General, administrative and other expenses totaled \$0.3 million and \$0.5 million respectively in the second quarter and first half of 2009 compared to \$0.5 million and \$1.1 million in the same periods of 2008. The decrease reflects, primarily, limited use of the company airplane in the first four months of 2009, followed by no use in May and June. In today's severely depressed market for private aircraft, the market value of the plane approximates current book value. In anticipation of additional real estate opportunities in the Caribbean and improved aircraft market conditions, the company plans to leave the plane grounded as we evaluate alternatives, including possible sale.

Other income and expense

Equity in profit (loss) of unconsolidated affiliates reflects the company's share of the operating profits or losses of the following unconsolidated affiliates:

	Ownership	Three Months Ended June 30,		Six Months Ended June 30,	
		2009	2008	2009	2008
Landmark Developments of Spain, S.L.	50%	\$ (23,259)	\$ 45,964	\$ (30,475)	\$ (144,379)
Apes Hill Development SRL	33%	(249,642)	334,116	(639,546)	5,826,940
Presidential Golf Club, LLC	7.45%	(130,792)	-	(130,792)	-
		<u>\$ (403,693)</u>	<u>\$ 380,080</u>	<u>\$ (800,813)</u>	<u>\$ 5,682,561</u>

The profits reported by Apes Hill Development SRL in the first half of 2008 resulted from sales of developed lots to buyers who had signed purchase contracts over the preceding two-year development period. The global recession has affected real estate sales in Barbados with few new contracts in 2008 and 2009. Apes Hill has sales contracts totaling approximately US \$31.4 million in the pipeline at June 30, 2009, some of which were expected to close in the first half of the year; however, the recession has also caused delays in closing some of these existing contracts.

Interest income decreased from \$15,000 and \$49,000 in the second quarter and first half of 2008 to less than \$1,000 in 2009, reflecting the use of cash to pay current operating costs leaving no excess cash balances invested in overnight funds.

Interest expense totaled \$191,000 in the second quarter and \$343,000 in the first half of 2009 compared to \$148,000 and \$325,000 in the same periods last year. The increase in 2009 reflects, primarily, increased borrowing from an affiliate to fund current operations.

Federal and state income taxes

The company reported a loss before income taxes of \$1.6 million in the second quarter of 2009 and \$3.4 million for the first half of the year. The provision for federal and state income taxes reflects a net provision of \$30,000 for the six months ended June 30, 2009 and is comprised of current state taxes. Deferred federal and state tax benefits generated by the 2009 loss were offset by an increase in the deferred tax valuation allowance as discussed in Note 7 to the financial statements. In 2008 the company realized income before taxes of \$3.6 million in the first six months of the year and provided for federal and state income taxes in the amount of \$0.3 million.

Critical accounting estimates

Future realization of the company's significant deferred tax asset is dependent on its ability to generate taxable income in future years. The company has established a valuation allowance to reduce the carrying value of the asset to an amount likely to be realized. While estimates of future income are always uncertain, the diversification of the company's investments into foreign real estate affiliates makes current estimates even more challenging. Realization of the tax asset will be significantly affected by, among other factors, whether the new investments are profitable and whether or when those profits are taxable in the U.S. Any significant change in the various factors affecting the company's expectations of future taxable earnings could require a change in the valuation allowance. Any change in the valuation allowance is reflected in the company's operating statement for the period such change is recognized.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

N/A

Item 4. Controls and Procedures

The company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized and reported within the specified time periods. The company's Chief Executive Officer and its Chief Financial Officer (collectively, the "Certifying Officers") are responsible for maintaining disclosure controls for the company. The controls and procedures established by the company are designed to provide reasonable assurance that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

As of the end of the period covered by this report, the Certifying Officers evaluated the effectiveness of the company's disclosure controls and procedures. Based on the evaluation, the Certifying Officers concluded that as of June 30, 2009, the company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure.

The Certifying Officers have also concluded that there was no change in the company's internal controls over financial reporting identified in connection with the evaluation that occurred during the company's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The company is not currently involved in any pending legal proceedings, except for routine litigation that is incidental to the company's business.

Items 1A through 5 of this report on Form 10-Q are not applicable.

Item 6. Exhibits

- 10.1* Third Amended and Restated Loan Agreement between Apes Hill Development SRL and BNB Finance & Trust Corporation, et. al., executed December, 2007
- 10.2* Amendment to Loan Agreement between South Padre Island Development, LLC (formerly known as South Padre Island Development, L.P.) and Compass Bank (formerly known as Texas State Bank) effective May 1, 2009.
- 10.3* Extension of Real Estate Note and Lien between South Padre Island Development, LLC and Compass Bank effective as of May 1, 2009 (Original Loan Amount of \$4,000,000)
- 10.4* Extension of Real Estate Note and Lien between South Padre Island Development, LLC and Compass Bank effective as of May 1, 2009 (Original Loan Amount of \$1,507,000)
- 10.5* Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$400,000.00 dated March 30, 2009
- 10.6* Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 26, 2009
- 10.7* Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 17, 2009
- 10.8* Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 3, 2009
- 10.9* Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated December 12, 2008

10.10*	Real Estate Lien Note from South Padre Island Development, LLC to International Bank of Commerce dated August 29, 2007 in the sum of \$4,500,000.00
10.11*	Extension and/or Modification Agreement between South Padre Island Development, LLC and International Bank of Commerce dated January 17, 2008 (Outstanding Principal Balance of \$4,536,848.94)
10.12*	Evidence of Indebtedness effective October 1, 2004 from South Padre Island Development, LLC (“Maker”) to Newco XXV, Inc. (“New Payee”) in the principal amount of \$558,475.32
10.13*	Evidence of Indebtedness effective August 31, 2003 from Delos Partners, Inc., a wholly-owned subsidiary of DPMG, Inc. to Newco XXV, Inc. in the principal amount of \$333,599.47
10.14*	Adjustable Rate Note dated February 6, 2002 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
10.15*	Adjustable Rate Note dated September 11, 2001 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
10.16*	Adjustable Rate Note dated May 11, 2001 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
10.17*	Promissory Note dated December 16, 2002 in the sum of \$600,000.00 from DPMG, Inc. (“Maker”) to GRG Corp. (“Payee”)
10.18*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$110,000.00 dated June 26, 2009
10.19*	Promissory Note dated January 11, 2007 from DPMG, Inc. to Key Equipment Finance Inc., in the amount of \$3,900,000.00
31.1*	Certification of the Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2004
31.2*	Certification of the Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2004
32.1*	Certification of the Chief Executive Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2004
32.2*	Certification of the Chief Financial Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2004

* Filed herewith

Signatures and Certifications of the Chief Executive Officer and the Chief Financial Officer of the Company

The following pages include the Signatures page for this report and Exhibits containing the Certifications of the Chief Executive Officer and the Chief Financial Officer of the company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANDMARK LAND COMPANY, INC.

/s/ Gerald G. Barton

Gerald G. Barton
Chairman and Chief Executive Officer
August 13, 2009

LANDMARK LAND COMPANY, INC.

/s/ Joe V. Olree

Joe V. Olree
Senior Vice President and Chief Financial Officer
August 13, 2009

LANDMARK LAND COMPANY, INC.
FORM 10-Q
EXHIBIT INDEX

**Exhibit
Number**

10.1*	Third Amended and Restated Loan Agreement between Apes Hill Development SRL and BNB Finance & Trust Corporation, et. al., executed December, 2007
10.2*	Amendment to Loan Agreement between South Padre Island Development, LLC (formerly known as South Padre Island Development, L.P.) and Compass Bank (formerly known as Texas State Bank) effective May 1, 2009
10.3*	Extension of Real Estate Note and Lien between South Padre Island Development, LLC and Compass Bank effective as of May 1, 2009 (Original Loan Amount of \$4,000,000)
10.4*	Extension of Real Estate Note and Lien between South Padre Island Development, LLC and Compass Bank effective as of May 1, 2009 (Original Loan Amount of \$1,507,000)
10.5*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$400,000.00 dated March 30, 2009
10.6*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 26, 2009
10.7*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 17, 2009
10.8*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated February 3, 2009
10.9*	Promissory Note from DPMG, Inc. to Newco XXV, Inc in the amount of \$200,000.00 dated December 12, 2008
10.10*	Real Estate Lien Note from South Padre Island Development, LLC to International Bank of Commerce dated August 29, 2007 in the sum of \$4,500,000.00
10.11*	Extension and/or Modification Agreement between South Padre Island Development, LLC and International Bank of Commerce dated January 17, 2008 (Outstanding Principal Balance of \$4,536,848.94)
10.12*	Evidence of Indebtedness effective October 1, 2004 from South Padre Island Development, LLC (“Maker”) to Newco XXV, Inc. (“New Payee”) in the principal amount of \$558,475.32
10.13*	Evidence of Indebtedness effective August 31, 2003 from Delos Partners, Inc., a wholly-owned subsidiary of DPMG, Inc. to Newco XXV, Inc. in the principal amount of \$333,599.47
10.14*	Adjustable Rate Note dated February 6, 2002 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
10.15*	Adjustable Rate Note dated September 11, 2001 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
10.16*	Adjustable Rate Note dated May 11, 2001 in the sum of \$100,000.00 from KES, Inc. (“Maker”) to John David Davenport (“Payee”)
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31.2*	Certification of the Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2004
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* Filed herewith

DRAWN AND/OR PREPARED BY

.....
 Attorney-at-Law of
 Lex Caribbean Law Offices
 Worthing Corporate Centre
 Worthing, Christ Church
 BARBADOS

THIS **THIRD AMENDED AND RESTATED LOAN AGREEMENT** is made the _____ day of June, 2008.

BETWEEN:-

BNB FINANCE & TRUST CORPORATION a former-Act Company continued under the provisions of the Companies Act, Cap. 308 of the Laws of Barbados in the name of Barbados National Bank Limited as Company No. 1588 which by virtue of a resolution dated the _____ day of _____ changed its name as aforesaid and having its Registered Office situate at Number 1 Broad Street in the City of Bridgetown in the Island of Barbados (hereinafter referred to as "BNB FTC") of the **FIRST PART**

BARBADOS NATIONAL BANK INC. an amalgamated company incorporated under the provisions of the Companies Act Chapter 308 of the Laws of Barbados as Company Number 26464 by virtue of a Certificate of Amalgamation issued by the Registrar of Companies on December 28, 2005 and having its registered office situate at Independence Square in the City of Bridgetown in the Island of Barbados (hereinafter referred to as "BNB") of the **SECOND PART**

APES HILL DEVELOPMENT SRL a society with restricted liability formed under the laws of Barbados and having its registered office situate at Worthing Corporate Centre,
 Worthing in the parish of Christ Church in the Island of Barbados (hereinafter referred to as "the Borrower") of the **THIRD PART**

C.O. WILLIAMS CONSTRUCTION LIMITED an amalgamated company registered in Barbados under the provisions of the Companies Act Chapter 308 of the Laws of Barbados as Company No. 15619 and having its registered office situate at Worthing Corporate Centre, Worthing Main Road in the parish of Christ Church in the Island of Barbados (which was formerly Dixie Farms Limited an amalgamated company registered under the provisions of the said Companies Act also as Company No. 3971 being itself an amalgamation of C. O Williams Construction Limited (Company No: 445), Dixie Farms Limited (Company No: 447), Spring Estates Limited (Company No: 448 and Warrens Farms Limited (Company No: 638) all companies incorporated under the provisions of the said Companies Act) and which was later amalgamated with Caribbean Farm Produce Inc. (Company No: 7669) and is now known as C. O Williams Construction Limited (hereinafter referred to as "C.O. Williams") of the **FOURTH PART**

AND

LANDMARK LAND COMPANY INC. a Delaware corporation having its principal office situate at 2817 Crain Highway, Upper Marlboro, Maryland 20774 (hereinafter referred to "Landmark") of the **FIFTH PART**
 (C.O.Williams and Landmark are hereinafter together referred to as the "Project Sponsors").

WHEREAS:-

- (1) The Borrower intends to develop the Land (as that term is hereinafter defined) and to construct on the Land a hotel, golf course, club house, recreational facilities and a residential development;
- (2) The Borrower has purchased the Godings Bay (BVI) Limited Shares (as hereinafter defined), the Cobblers (BVI) Limited Shares (as hereinafter defined) and the real property containing 1,557.6 square metres or thereabouts and situate at Queen Street in the parish of Saint Peter in Barbados more particularly described in the Fourth Schedule hereto ("the Queen Street Land")

(3) Godings Bay (BVI) Limited and Cobblers (Barbados) Limited are the owners of the Other Queen Street Lands (as hereinafter defined) (the "Queen Street Land" and "the Other Queen Street Lands" are hereinafter together referred to as "the Beachfront Land") which the Borrower intends to develop;

(4) BNB has agreed to make available to the Borrower at the request of the Borrower loan facilities up to a maximum amount of Sixty Million Seven Hundred Thousand US Dollars (US\$60,700,000.00) to be disbursed in US Dollars and Barbados Dollars for the purpose of assisting with the financing of the said development of the Land, including the construction of villas on Parcel B of the Land, with the financing of the purchase of the Shares (as that term is hereinafter defined) and the Queen Street Land and with the Initial Development of the Beachfront Land in the manner and subject to the terms and conditions of this Agreement.

(5) The Borrower has agreed to secure the payment of the Loan (as that term is hereinafter defined) and the interest thereon by the security hereinafter described.

NOW THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained, the parties agree as follows.

1. INTERPRETATION

1.1 In this Agreement, including the foregoing recitals and the exhibits, except as otherwise provided herein or unless the context otherwise clearly requires, the following principles of construction shall apply:-

(a) References to articles, clauses, sub-clauses, paragraphs, schedules and exhibits are to the articles, clauses, sub-clauses, paragraphs, schedules and exhibits to this Agreement unless otherwise stated;

(b) Clause headings are inserted for ease of reference only and are not to affect the interpretation of any provisions of this Agreement;

(c) Except to the extent the context otherwise requires any references in this document to this Agreement and any other document referred to in it includes any document expressed to be supplemental to or collateral with or which is entered into pursuant to or in accordance herewith or therewith and shall be deemed to include any instruments amending varying supplementing modifying or replacing the terms of any such documents from time to time;

(d) References to any person are to be construed to include corporations, firms, companies, partnerships, individuals, associations, transferees, assigns or successors in title in accordance with their respective interests;

(e) The words "other" and "otherwise" are not to be construed ejusdem generis with any foregoing words where a wider construction is possible;

(f) The words "including" and "in particular" are to be construed as being by way of illustration or emphasis only and are not to be construed as nor shall they take effect as limiting the generality of any foregoing words;

(g) Words in the singular shall include the plural and vice versa and the use of any gender shall be applicable to all genders;

(h) References to any statutory provision shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification).

2. DEFINITIONS

"Advance" means the advance of the Loan or part thereof and "Advances" shall be construed accordingly.

“Applicable Law” means in respect of any person, property, transaction or event, all applicable laws, standards, requirements, policies, approvals, notices issued by any Governmental Authority, statutes, ordinances, guidelines, treaties and regulations, and all applicable directives, orders, permits, judgments, injunctions, awards and decrees of any Governmental Authority whether or not having the force of law including, without limitation, environmental laws.

“Articles of Organisation” mean the Articles of Organisation of the Borrower from time to time in effect.

“Association” means the non-profit company to be established by the Borrower for the purpose generally of owning and maintaining the Common Areas and generally having responsibility for the amenities and welfare of the owners and residents of the Lots.

“Barbados Dollars” or “BDS\$” means the lawful currency of Barbados.

“Beachfront Land” means the Queen Street Land and the Other Queen Street Lands together.

“Business Day” means any day excluding Saturday, Sunday or any days which shall be in Barbados a legal holiday or a day on which banking institutions in Barbados are authorized by law to close.

“By-Laws” means the by-laws of the Borrower from time to time in effect.

“Chief Town Planner” means the Chief Town Planner of Barbados.

“Certificate of Compliance” means the certificate issued by the Chief Town Planner indicating that the conditions attached to the permission of the Chief Town Planner for the subdivision and development of the Land have been satisfied and that he has no objection to the sale or disposal of the Lots.

“Club” means the Apes Hill golf club.

“Club Facilities” mean the golf and recreational facilities provided by the Club for the use of its members.

“Club Rules and Regulations” mean the rules and regulations from time to time promulgated by the Club to be followed by the members of the Club when using the Club Facilities.

“Cobblers (BVI) Limited Shares” means the 50,000 shares issued by Cobblers (BVI) Limited, being all of the issued and outstanding shares in the capital of Cobblers (BVI) Limited.

“Cobblers (Barbados) Limited Shares” means the 200 Class A Common Shares and the 100 Class B Common Shares issued by Cobblers (Barbados) Limited, being all of the issued and outstanding shares in the capital of Cobblers (Barbados) Limited.

“Common Areas” means those areas of the Development, not being Lots, set aside for the common enjoyment, convenience and the security of all owners and residents including the community entrances, access roads and road reserves, certain landscape and open space areas, gullies, watercourse and the property perimeter, including security fencing and maintenance access.

“Conditions Precedent for the First Tranche” means the conditions set out in Part A of the First Schedule hereto which must be satisfied by the Borrower prior to disbursement of the First Tranche or any part thereof.

“Conditions Precedent for the Second Tranche” means the conditions set out in Part B of the First Schedule hereto which must be satisfied by the Borrower prior to disbursement of the Second Tranche or any part thereof.

“Conditions Precedent for the Third Tranche” means the conditions set out in Part C of the First Schedule hereto which must be satisfied by the Borrower prior to disbursement of the Third Tranche or any part thereof.

“Conditions Precedent for the Fourth Tranche” means the conditions set out in Part D of the First Schedule hereto which must be satisfied by the Borrower prior to disbursement of the Fourth Tranche or any part thereof.

“Construction Contracts” means the contracts listed in the Third Schedule hereto and any other contracts entered into by the Borrower for the construction of the Development.

“Construction Schedule” means the schedule specifying the anticipated completion dates of the various phases of the Project that is prepared by the Borrower and approved by BNB FTC or BNB from time to time.

“Contractor” means any contractor who is employed by the Borrower and approved by BNB FTC or BNB with responsibility for carrying out construction works on the various phases of the Project.

“Contractor’s Performance Bond” means in respect of any Contractor the performance bond issued by such Contractor in favour of the Borrower in an amount not less than 10% of the value of the relevant Construction Contract made between such Contractor and the Borrower.

“Contractual Obligations” means, as to any person, any provision of any security issued by it or of any agreement, instrument or undertaking to which such person is a party or by which any of its property is bound.

“C.O. Williams Charge over Quotas” means the charge over the quotas issued by the Borrower to C.O. Williams Investments Inc.

“Default” means any event, act or condition which with the giving of notice or lapse of time or both, would constitute an Event of Default hereunder.

“Default Rate” means, in the event of any Default the interest rate which will thereafter be applied to the outstanding principal balance of the Loan as hereinafter provided, being as follows:-

- (a) for any Advance made in Barbados Dollars, the Barbados National Bank prime lending rate plus 3%.
- (b) for any Advance made in US Dollars, US 3 months LIBOR plus 7%.

“Development” means the development known as Apes Hill Club Development which consists of a golf course and Golf Structures, Lots, roads, waterworks and other infrastructural facilities, villas, a spa, hotel units and hotel facilities, including pool and restaurant, tennis courts and all and any other building, erections and structures thereon.

“Escrow Agreement” means the agreement dated the 28th day of December 2005 made between BNB and the Borrower.

“Estimated Completion Costs” means the Project Costs which, in the reasonable estimate of the Quantity Surveyor will be required from time to time to complete the Project in accordance with the Plans and Specifications including, but without limitation, (i) any Project Costs previously certified by the Borrower to BNB FTC or BNB which remain unpaid and (ii) all interest accrued and to accrue on the Advances.

“Event of Default” has the meaning specified in Clause 11 hereto.

“First Phase” means the period commencing on the 28th day of December, 2005 and ending on the date on which the First Tranche has been entirely utilized.

“First Tranche” means the sum of not more than Sixteen Million Eight Hundred Thousand US Dollars (US\$16,800,000) to be disbursed partly in US Dollars and partly in Barbados Dollars, being part of the Loan that will be used by the Borrower to construct a golf course and Golf Structures, for Master Site Improvements, for Initial Lot Development, to perform marketing and to acquire working capital.

“Fourth Tranche” means the sum of not more than Nine Million US Dollars (US\$9,000,000) to be disbursed partly in US Dollars and partly in Barbados Dollars, being part of the Loan that will be used by the Borrower for the construction of villas on Parcel B of the Land.

“GAAP” means generally accepted accounting principles as in effect from time to time.

“Godings Bay (BVI) Limited Shares” means the 50,000 shares issued by Godings Bay (BVI) Limited, being all of the issued and outstanding shares in the capital of Godings Bay (BVI) Limited.

“Golf Structures” means the club house, maintenance sheds and all support structures and fixtures for the operation of a golf course to be constructed on the Land.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Initial Development of the Beachfront Land” means those architectural drawings, Environmental Impact Assessments, planning permissions, marketing plan costs, and other costs associated with the initial planning stages of the development of the Beachfront Land.

“Initial Lot Development” means the construction of roads and the installing of utilities to facilitate the transfer of Lots to purchasers and the landscaping of Common Areas.

“Land” means the land more particularly described in the Second Schedule hereto.

“Land Plan” means the plan certified on the 30th day of March, 2007 by Gregory St.C Hutchinson, Land Surveyor and the plan certified on the 2nd day of July, 2007 by Gregory St.C Hutchinson, Land Surveyor and/or such other plan or plans, in form and substance satisfactory to BNB FTC and BNB, showing, to the extent available from time to time, the boundaries of the Land, the delineation of the Lots, all roads on the Land and adjoining the Land (including their names and widths), the location of all line marks between the Lots and between the Land and each adjoining property or street, all existing and proposed improvements to be constructed on the Land, all existing and proposed parking spaces and such other information relating to the physical and geographical characteristics of the Project as may be required by BNB FTC or BNB.

“Landmark Charge over Quotas” means the charge over the quotas issued by the Borrower to LML Caribbean Limited.

“LIBOR” for any Advance means the 3 month rate, as published by Bloomberg, at which deposits in US Dollars are offered in the London inter-bank market as of approximately 11.00 o'clock a.m., London time, two Business Days before the date such Advance is disbursed and subsequently two Business Days before each date the interest rate on such Advance is adjusted in accordance with Clause 4.1(b). If LIBOR is no longer published as stated above, LIBOR shall mean such other comparable rate as is reasonably determined by BNB FTC or BNB.

“Lien” means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), security interest or other encumbrance of any nature however arising, or any other security agreement or arrangement creating in favour of any creditor.

“Loan” means the aggregate facility of up to Sixty Million Seven Hundred Thousand US Dollars as hereinafter defined (US\$60,700,000.00) to be disbursed in US Dollars and Barbados Dollars to be drawn down by the Advances made hereunder and where the context admits each such Advance severally.

“Lots” means those residential lots as shown on the Land Plan into which the Land is to be subdivided in accordance with the Land Plan and pursuant to the permission of the Chief Town Planner for the purpose of sale.

“Master Site Improvements” means construction of infrastructure on the Land including, but not limited to, water supply and storage, utilities, roads, entry and central hard and soft landscaping.

“Material Adverse Change” means, in respect of any Person, any change which has the effect of materially adversely impacting:-

- (i) its ability to perform any of its obligations under this Agreement or any documents relating to the Security;
- (ii) its financial condition or the condition of any of its assets (including real estate), its revenues, business or prospects;
- (iii) the value of all or any part of its assets (including real estate), revenue or business which forms part of or are being utilized in connection with the Project;
- (iv) the value of all or any part of its assets (including real estate), revenue or business over which Security has been granted in favour of BNB;
- (v) the ability of BNBFTC and BNB to exercise or enforce their rights and remedies under this Agreement, including the ability to enforce any Security.

“Members’ Agreement” means the agreement dated the ____ day of December, 2005 made between C.O. Williams Investments Inc. and LML Caribbean Limited.

“Officers’ Certificate” means a certificate in a form satisfactory to BNB FTC signed by a manager of the Borrower or by such other of the Borrower’s officers as may be acceptable to BNB FTC.

“Other Queen Street Lands” means the lands more particularly described in the Fifth Schedule hereto.

“Parcel” means any parcel of land forming part of the Land and marked as a parcel on the Land Plan.

“Permitted Liens” shall mean, at any time, the following:-

- (i) such mortgages, debentures and charges as may be entered into by the Borrower after the date of this Agreement which do not create a charge over the assets to be secured by the Security;
- (ii) Liens for taxes not yet due or which are being contested if adequate reserves with respect thereto are maintained on the books of the Borrower in accordance with GAAP, as long as the same does not involve any danger of the sale, forfeiture or loss of property that is subject to the Lien of the Security or of any interest therein;
- (iii) undetermined or inchoate Liens arising in the ordinary course of business of the Borrower, or a claim for which has not been filed or registered pursuant to law or of which notice shall not have been given or become known to the Borrower or BNB FTC or BNB;
- (iv) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other similar Liens arising in the ordinary course of business which are not overdue for a period of more than thirty days or which are being contested;
- (v) easements, rights of way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interference with the ordinary conduct of the business of the Borrower;
- (vi) statutory Liens incurred or deposits made in the ordinary course of business of the Borrower in connection with workers’ compensation, unemployment insurance and other social security legislation;
- (vii) the reservations and expectations contained in, or implied by statute in, an original disposition from the Crown and grants made by the Crown of interests so reserved or expected;
- (viii) any Lien, payment of which has been provided for by the deposit with BNB of an amount in cash, or the obtaining of a surety bond satisfactory to BNB FTC and BNB, sufficient in either case to pay or discharge the same and which deposit or bond BNB FTC and BNB are authorized to use or draw on for that purpose.

“Person” includes an individual, a partnership, a society, a body corporate, a corporation, a trust, an unincorporated organization, a joint venture or a government or any department or agency or political subdivision thereof.

“Plans and Specifications” means the detailed plans and specifications for the Project including, without limitation, all related architectural drawings, plot plans and elevations, working drawings and change orders, that are prepared by or on behalf of the Borrower.

“Project” means the development of Lots; the construction of villas on the Lots; the installation of roads, waterworks and other infrastructural facilities; the construction of a golf course on the Land; and the building of the Golf Structures and all fixtures, furnishings, chattels and equipment incidental thereto or necessary for the operation thereof, considered as a whole, but does not include any further development or construction to be done on the Land.

“Project Budget” means the detailed budget of all Project Costs as hereinafter defined that is prepared by the Borrower from time to time and approved by BNB FTC.

“Project Contracts” means all easements, licences, permits, contracts, subcontracts, building and development permissions, agreements, plans and working drawings now or hereafter entered into or obtained by or on behalf of the Borrower in connection with the Project including, without limitation, the Plans and Specifications and the Land Plan.

“Project Costs” means, without duplication, all costs actually incurred or to be incurred by the Borrower in connection with the completion of the Project provided that such costs are of a nature contemplated by the Project Budget and the Plans and Specifications or have been agreed to in writing by BNB FTC and provided further that such costs shall not include any repayments of borrowed money by the Borrower or any interest in respect of borrowed money paid by the Borrower to any person other than BNB or BNB FTC and provided further that such costs do not exceed the respective amounts specified in the Project Budget which project costs are estimated in the aggregate at US\$60,717,755.00.

“Project Documents” means the Rules of the Apes Hill Club Homeowners’ Association Inc.; Articles of Incorporation of Apes Hill Club Homeowners’ Association Inc.; By-laws of Apes Hill Homeowners Association Inc.; the Club Rules and Regulations; the form of agreement for sale and purchase of Lots; marketing materials relating to the Project and all and any other documents relating to the formation and running of the Development and any amendments, variations or substitutions thereto.

“Project Manager” means such project manager who is employed by the Borrower and approved by BNB FTC and BNB in connection with the Project.

“Project Manager’s Certificate” means a certificate in a form satisfactory to BNB FTC signed by the Project Manager.

“Project Review Team” means the team of consultants, professionals and other advisors appointed by BNB FTC or BNB for the purposes set forth in Clause 9.1(f)(ii) hereto.

“Property” means the Land together with the hotel, club house, golf course, recreational facilities, residential development and all and any other buildings and erections to be constructed thereon and all other present and future assets of the Borrower, including personal property.

“Proprietary Interest” means a legal or equitable interest in land acquired by a Person that can be enforced by that Person against any other person, but not including any revocable contractual licence granted to a member of the Club pursuant to the Club Rules.

“Quantity Surveyor” means Cooper Kaufman or such other quantity surveyor who is employed by the Borrower and approved by BNB FTC in connection with the Project.

“Quantity Surveyors’ Certificate” means a certificate as specified in Clause 9.1(c) hereto.

“Queen Street Land” means the land containing 1,557.6 square metres or thereabouts and situate at Queen Street in the parish of Saint Peter in Barbados, more particularly described in the Fourth Schedule hereto

“Related Party” means any Person that is owned or controlled by the Borrower, one of the Project Sponsors, any member of the Borrower or any affiliate of the Borrower or one of the Project Sponsor.

“Release Fee” means the fee payable by the Borrower to BNB on the sale of each Lot out of the proceeds of the sale of such Lot.

“Requirement of Law” means, as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or a court or other governmental authority or agency, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Second Tranche” means the sum of not more than Seventeen Million Nine Hundred Thousand US Dollars to be disbursed partly in US Dollars and partly in Barbados Dollars, being part of the Loan that will be used by the Borrower to construct a hotel, golf course and Golf Structures, construct the residential development, Master Site Improvements, Initial Lot Development and to perform marketing.

“Security” means the security as specified in Clause 7.1 hereto.

“Shares” means the Godings Bay (BVI) Limited Shares, the Cobblers (BVI) Limited Shares.

“Subsidiaries” means Godings Bay (BVI) Limited, Cobblers (BVI) Limited and Cobblers (Barbados) Limited and “Subsidiary” means any one of them.

“Substantial Completion” means the date on which a Quantity Surveyors’ Certificate has been delivered to the Borrower certifying that substantial completion has been achieved according to the Construction Schedule and the Plans and Specifications for the completion of the Project.

“Taxes” means all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or required by a governmental, fiscal or other authority and “Tax” and “Taxation” shall be construed accordingly.

“Third Tranche” means the sum of not more than Seventeen Million US Dollars to be disbursed partly in US Dollars and partly in Barbados Dollars, being part of the Loan that will be used by the Borrower to purchase the Godings Bay (BVI) Limited Shares, the Cobblers (BVI) Limited Shares and the Queen Street Land, legal and banking charges and out of pocket expenses associated with the purchase and for the Initial Development of the Beachfront Land.

“US Dollars” or “US\$” means the lawful currency of the United States of America.

3. LOAN FACILITY

3.1 Loan Facility

Subject to the approval of the Exchange Control Authority and upon the terms and conditions herein set forth, BNB FTC hereby agrees to arrange and underwrite a loan facility to the Borrower consisting of the First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche, which shall together be up to an aggregate of Sixty Million Seven Hundred Thousand US Dollars (US\$60,700,000.00) to be advanced partly in US Dollars and partly in Barbados Dollars or such other amount as may be agreed between BNB FTC and the Borrower in accordance with the terms of this Agreement.

3.2 Purpose

The First Tranche and the Second Tranche shall be for the purpose of constructing a golf course and Golf Structures, Master Site Improvements, Initial Lot Development, marketing and acquiring working capital. The Third Tranche shall be for the purpose of purchasing the Godings Bay (BVI) Limited Shares, the Cobblers (BVI) Limited Shares and the Queen Street Land and for the Initial Development of the Beachfront Land. The Fourth Tranche shall be for the purpose of developing Parcel B of the Development.

3.3 Conditions Precedent to Advances

- (a) The First Tranche, the Second Tranche and the Fourth Tranche shall be disbursed from time to time by way of Advances.
- (b) BNB and BNB FTC shall not be obliged to make available any Advances in respect of the First Tranche unless the Conditions Precedent for the First Tranche have been met.
- (c) The making of any Advances by BNB FTC or BNB prior to BNB FTC and BNB being satisfied that the Borrower has met the Conditions Precedent to the First Tranche shall not be deemed to be a waiver by BNB FTC or BNB of any of the Conditions Precedent to the First Tranche.
- (d) BNB FTC and BNB shall not be obliged to make available any Advances in respect of the Second Tranche unless the Conditions Precedent to the Second Tranche have been met.
- (e) BNB FTC and BNB shall not be obliged to make available any Advances in respect of the Fourth Tranche unless the Conditions Precedent to the Fourth Tranche have been met.

3.4 Disbursement of Third Tranche

- (a) The Third Tranche shall be disbursed by way of Advances as follows:- (i) US\$1,142,294.96 and BDS\$597,633.56 to repay the existing loan made by BNB to the Borrower which shall be disbursed on the 21st day of June, 2007; (ii) US\$9,900,000.00 to purchase the Cobblers (BVI) Limited Shares and the Godings Bay (BVI) Limited Shares; (iii) BDS\$5,220,000.00 for the purchase of the Queen Street Lands which shall be disbursed on the 21st day of June, 2007, and (iv) US\$3,048,888.26 for the Initial Development of the Beachfront Land and legal and banking charges and out of pocket expenses of which part shall be disbursed on the 21st day of June, 2007 and the remainder by way of further Advances as set out in Clause 3.5(b) below.
- (b) BNB FTC and BNB shall not be obligated to make available any Advances in respect of the Third Tranche unless the Conditions Precedent to the Third Tranche have been met.

3.5 Required Notice

- (a) Whenever the Borrower requires an Advance under the First Tranche, the Second Tranche or the Fourth Tranche of the Loan in order to make any payments due by the Borrower in accordance with the Project Budget, but in any event not more than once per month, it shall give to BNB FTC and BNB no less than five (5) Business Days' prior written notice ("a Notice of Borrowing") specifying the required amount of the Advance, the purpose for the Advance and the date (which shall be a Business Day) on which such Advance is to be obtained. Each such notice shall be accompanied by a Quantity Surveyors' Certificate referred to in Clause 9.1(g) hereto in the form annexed hereto.
- (b) When the Borrower requires any further Advances of the Third Tranche, which is to be used in connection with the Initial Development of the Beachfront Land, it shall give to BNB FTC and BNB no less than five (5) Business Days' prior written notice ("a Notice of Borrowing") accompanied by any such supporting documentation as BNB FTC and BNB may require.
- (c) The Borrower shall provide BNB FTC and BNB with such other supporting documents and information as BNB FTC and BNB may from time to time require in connection with any request for an Advance.
- (d) If BNB FTC and BNB determine that the Advance requested in accordance with Clause 3.4(a) hereto is not included in the Project Budget which has been approved by BNB FTC or is not satisfied on reasonable grounds as to the purpose of the Advance or the amount required or the information provided in support of the request for the Advance, BNB FTC and BNB may in its discretion refuse to pay all or any part of the Advance requested in the Notice of Borrowing.

3.6 Currencies

(a) Subject to the provisions of this Clause 3.5, the Borrower may request the currency, being US Dollars or Barbados Dollars, in which it wishes each Advance or any part thereof of the First Tranche, the Second Tranche or the Fourth Tranche to be denominated, with up to a maximum of fifty percent (50%) of the Loan being made available in US Dollars. The Borrower shall specify the currency requested in the Notice of Borrowing referred to in Clause 3.3 hereto. BNB FTC and BNB shall use its best endeavours to pay the Advance in the currency which the Borrower has requested in the Notice of Borrowing, but it is agreed and acknowledged by the Borrower that BNB FTC and BNB may not be able to pay all Advances in the currency requested by the Borrower and that the currency of each Advance shall be at the discretion of BNB FTC and BNB and BNB FTC and BNB reserve the right to make any Advance in Barbados Dollars or US Dollars without penalty or other recourse.

(b) In the event of any change in currency availability or exchange rates or exchange control regulations or if there is any other reason which, in the opinion of BNB FTC and BNB, makes it impracticable for an Advance or part thereof to be made in US Dollars, the relevant advance or such part thereof may be made in the Barbados Dollar equivalent of what would have been the amount of such Advance or part thereof if it had been made in US Dollars.

3.7 Direct Payment; Liens

BNB FTC and BNB reserve the right to pay all or any part of any Advance in respect of the First Tranche, the Second Tranche or the Fourth Tranche directly to a Contractor to whom a payment is certified by the Quantity Surveyor to be due or to suppliers providing work and materials for the Project, and the Borrower hereby authorizes such payments. BNB FTC and BNB shall be entitled to deduct from each Advance all holdbacks relating to the Project required by any permitted applicable Permitted Lien or legislation and to hold the amounts so deducted until such time as BNB FTC and BNB shall be satisfied that all Lien periods have expired and no Lien has been filed with respect to work or materials supplied to the Project, and the Borrower agrees to provide to BNB FTC and BNB such Quantity Surveyors' Certificates or opinions of its counsel as BNB FTC and BNB deem necessary in order to permit BNB FTC and BNB to satisfy itself with respect thereto.

4. INTEREST RATES

4.1 The interest rate on Advances made under the First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche shall be as follows:-

(a) The interest rate on any Advances made in Barbados Dollars shall be floating at the Barbados National Bank prime lending rate such interest to be accrued monthly and capitalized quarterly.

(b) The interest rate on any Advances made in US Dollars shall be floating at 3 month LIBOR plus 4% such interest to be accrued monthly and capitalized quarterly.

(c) Advances under the First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche shall bear interest both before and after maturity, default or judgment on the unpaid amount thereof.

4.2 Interest shall be:-

(a) payable on the outstanding amount of the Loan from the date of disbursement of each Advance;

(b) paid in arrears;

(c) calculated by multiplying the actual number of days elapsed in the period for which interest is being calculated at a daily rate based on three hundred and sixty day year.

Provided however that there shall be a moratorium on interest for two years from the 4th day of May, 2006 and that interest shall start to be payable on the outstanding amount of the Loan on the 4th day of May, 2008 in the event that no sales of Lots are completed prior to that date.

5. FEES

5.1 Underwriting Fee

(a) In connection with the First Tranche and the Second Tranche, the Borrower shall pay to BNB FTC a fee of Five hundred and twenty thousand Barbados Dollars (BDS\$520,500.00) without any deductions on the date of the first Advance in respect of underwriting services provided by BNB FTC.

(b) In connection with the Third Tranche, the Borrower shall pay to BNB FTC a fee of 1% of the amount of the Third Tranche without any deduction on the date of the disbursement of the first Advance of the Third Tranche in respect of underwriting services provided by BNB FTC.

(c) In connection with the Fourth Tranche, the Borrower shall pay to BNB FTC a fee of 0.5% of the amount of the Fourth Tranche without any deduction on the date of the disbursement of the first Advance of the Fourth Tranche in respect of underwriting services provided by BNB FTC.

5.2 Management Fee

The Borrower shall pay to BNB FTC a fee of One Hundred Thousand Barbados Dollars (BDS\$100,000.00) without any deductions on the date of the first Advance in respect of management services provided by BNB FTC, its agents or assigns.

6. REPAYMENT

6.1 Loan Payments

(a) The Borrower shall repay all Advances in respect of the First Tranche, the Second Tranche and the Third Tranche and all other amounts due under this Agreement in full by the 4th day of May, 2011.

(b) The Borrower shall repay all Advances in respect of the Fourth Tranche not later than six months after the date of disbursement of each Advance under the Fourth Tranche.

(c) Subject to Clause 6.1(b) and as hereinafter provided, the principal amount of the Loan and any capitalized interest thereon shall be repaid out of the Release Fees in accordance with the formula set out in Clause 6.1 (d) or as may otherwise be agreed between BNB and BNB FTC and the Borrower.

(d) On the completion of the sale of each Lot, BNB or BNB FTC shall be paid a Release Fee by the Borrower calculated using the following formula:-

- (i) On any sales in Year 1 and 2 following the 4th day of May 2006 - US\$350,000.00 per acre or part thereof.
- (ii) On any sales in Year 3 following the 4th day of May 2006 - US\$400,000.00 per acre or part thereof
- (iii) On any sales in Year 4 following the 4th day of May 2006 – US\$550,000.00 per acre or part thereof; and
- (iv) On any sales in Year 5 following the 4th day of May 2006 - US\$600,000.00 per acre or part thereof

(e) In addition to the Release Fee referred to in Clause 6.1(d), the Borrower shall on the sale of each Lot pay to BNB or BNB FTC out of the proceeds of the sale of such Lot remaining after payment of the Release Fee any outstanding interest which has accrued to the date of the completion of the sale of such Lot or other part of the Land but has not yet been capitalized.

(f) On the completion of the sale of each Lot and after the payment of the Release Fee referred to in Clause 6.1(d) and any accrued interest referred to in Clause 6.1(e), the Borrower shall pay to BNB or BNB FTC out of the remaining proceeds of the sale of such Lot on account of the Advances made in respect of the Fourth Tranche such amount as may be agreed from time to time between the Borrower and BNB or BNB FTC, provided however that if such amount is not agreed then the amount to be paid by the Borrower to BNB or BNB FTC shall be determined by BNB or BNB FTC.

(g) In the event that any Lot is sold at a price per acre or part thereof which would result in a Release Fee that is less than the amount set out in Clause 6.1(d), the Borrower shall make up any shortfall between the sale price of such Lot and the amount set out in Clause 6.1(d) hereto.

(h) In the event that the Borrower wishes to sell any part of the Land that does not consist of Lots, the Borrower shall obtain the consent of BNB and BNB FTC to such sale prior to entering into the same and BNB and BNB FTC shall stipulate the payment that it will require in order to release such part of the Land from the Mortgage / Debenture, the Composite Mortgage / Debenture or the third Mortgage / Debenture referred to in Clause 7.1 hereto, Provided however that all common areas and open spaces relating to a particular Parcel shall be released without any payment for such release upon the sale of the last Lot in such Parcel.

(i) In addition to the Release Fees specified in Clause 6.1 (d), any interest payable in accordance with Clause 6.1 (e) or any payment under Clause 6.1(f), the Borrower shall on the sale of each Lot or other part of the Land pay any legal fees, stamp duty and other costs, fees and expenses in connection with the release by BNB of such Lot or other part of the Land and in connection with the release by BNB of the Beachfront Land or any part thereof.

(j) The facility contemplated by this Agreement is not a revolving credit facility and, even if each Advance hereunder is repaid to BNB or BNB FTC before such repayment is required hereunder, BNB and BNB FTC are not required to make any further Advance hereunder.

6.2 Escrow Account

Any monies received by the Borrower, including the proceeds from the sale of the Land or parts thereof, which are not applied towards the payment of the principal on the Loan in accordance with Clause 6.1 hereto, shall be placed in an escrow account pursuant to the terms of the Escrow Agreement.

6.3 Prepayment

The Borrower may prepay the whole or any part of the Loan on any date upon the giving of thirty (30) days' written notice of its intention to do so. Such prepayment shall be without penalty and shall be a minimum of One Hundred Thousand US Dollars (US\$100,000.00).

6.4 Payments on Non-Business Days

Whenever payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and any interest and fees with respect thereto shall be payable at the appropriate rate during such extension.

6.5 Methods and Place of Payment, etc.

Except as otherwise specifically provided herein, all payments by the Borrower under this Agreement shall be made to BNB or BNB FTC at No. 1 Independence Square, Bridgetown, Barbados or such other address in Barbados as may be designated by BNB or BNB FTC from time to time not later than 3:00 p.m. (local time) on the date when due, and shall be made in immediately available funds.

6.6 Net Payments and Adjustments

All payments made by the Borrower under this Agreement, inclusive of interest and finance fees, shall be made without set-off or counterclaim or other deduction and free and clear of, and without reduction for or on account of any Taxes. If the Borrower shall be required by law to deduct any such Taxes from or in respect of any sum payable hereunder to BNB or BNB FTC (i) the sum payable by the Borrower shall be increased as may be necessary so that after the Borrower has made all required deductions (including deductions applicable to additional sums payable hereunder), BNB or BNB FTC receives an amount equal to the sum it would have received had no such deductions been made; (ii) the Borrower shall make all such deductions; and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law.

6.7 Currency

6.7.1 The Borrower shall use its best endeavours to ensure that each repayment or prepayment under this Agreement shall be made in the currency in which the relevant Advance was denominated.

6.7.2 Any obligation of the Borrower to make payments under this Agreement in US Dollars shall not be discharged or satisfied by any tender or recovery, whether pursuant to any judgment or otherwise, expressed in or converted into any other currency except to the extent that such tender or recovery results in the effective receipt by BNB or BNB FTC of the full amount of United States Dollars, payable to it, and the Borrower shall indemnify BNB and BNB FTC (and BNB and BNB FTC shall have an additional legal claim against the Borrower) for any difference between such full amount and the amount effectively received by BNB or BNB FTC pursuant to such tender or recovery. In the absence of manifest error, BNB or BNB FTC's reasonable determination of currency exchange rates and of amounts effectively received by the parties hereto shall be conclusive.

7. SECURITY

7.1 Form of Security

As general and continuing security for the due payment of the Loan by the Borrower to BNB and BNB FTC under this Agreement, there shall be provided to BNB the following security in form and substance satisfactory to BNB and BNB FTC:-

(a) a registered first priority Mortgage / Debenture stamped to cover US\$34,700,000.00 or the equivalent in Barbados Dollars effecting a legal charge over the Property and over all of the present and future assets of the Borrower;

(b) the C.O. Williams Charge over Quotas stamped to cover US\$23,444,000.00 or the equivalent in Barbados Dollars issued by the Borrower to C.O. Williams Investments Inc., being 8,000,000 quotas;

(c) the Landmark Charge over Quotas stamped to cover US\$11,256,000.00 or the equivalent in Barbados Dollars issued by the Borrower to LML Caribbean Limited, being 4,000,000 quotas;

(d) acknowledged assignment of Fire and All Risk Insurance over the assets of the Borrower, such policy to be in a form and amount and issued by an insurer acceptable to BNB FTC and BNB with interest of BNB as first payee noted thereon;

(e) assignment of each Contractor's Performance Bond equivalent to 10% of the value of the relevant construction or development contract made between any Contractor and the Borrower;

(f) acknowledged assignment of the Contractors' All-risk insurance coverage to be maintained by each Contractor with loss payable to BNB as first payee, such insurance to cover such risks including but not limited to:-

- (i) insurance of the site and work materials;
- (ii) workman compensation insurance;
- (iii) professional indemnity insurance;
- (iv) property and indemnity to employer;
- (v) insurance against personal injury or damage.

(g) subordination of any loans made by members of the Borrower to the Borrower or by any shareholder of any of the Subsidiaries to such Subsidiary.

(h) Composite Mortgage/Debenture stamped to cover US\$13,900,000 or its equivalent in Barbados dollars and BDS\$6,200,000 comprising of (i) first legal mortgage over the Beachfront Land; (ii) second legal mortgage/debenture over the Land and over present and future fixed and floating assets of the Borrower; (iii) first charge over the present and future fixed and floating assets of Godings Bay (BVI) Limited; (iv) first charge over the present and future fixed and floating assets of Cobblers (BVI) Limited; (v) charge over the Godings Bay (BVI) Limited Shares, being 50,000 shares; (vi) charge over Cobblers (BVI) Limited Shares, being 50,000 shares; and (vii) charge over the Cobblers (Barbados) Limited Shares, being 200 Class A Common Shares and 100 Class B Common Shares;

(i) guarantees of the Borrower and of Godings Bay (BVI) Limited, Cobblers (Barbados) Limited and Cobblers (BVI) Limited;

(j) acknowledged assignment of the fire and all-risk insurance coverage over the Beachfront Land to be maintained by the Borrower or the Subsidiaries with loss payable to BNB as first payee, such insurance to cover such risks including but not limited to insurance against personal injury or damage.

(k) a registered third priority Mortgage / Debenture stamped to cover US\$9,000,000.00 or the equivalent in Barbados Dollars effecting a legal charge over the Property and over all of the present and future assets of the Borrower.

7.2 Registration

BNB's counsel shall, at the expense of the Borrower, register, file or record the Security pursuant to all applicable laws and in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving the Security applicable to it including, without limitation, in the Corporate Registry of Barbados, in the Land Registry of Barbados, in the Corporate Registry of St. Lucia and in the Corporate Registry of the British Virgin Islands. BNB's counsel shall renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect. The Security has been or shall be prepared based on the applicable laws of Barbados applicable thereto in effect at the date thereof and amended from time to time. BNB shall have the right to require that any such documentation be amended to reflect any amendments to any laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon BNB the security interests intended to be created thereby, except that in no event shall BNB require that any such amendment be effected if the result thereof would be to grant to BNB greater rights than is otherwise contemplated herein.

7.3 After Acquired Property and Further Assurances

The Borrower shall or shall procure that the Subsidiaries from time to time execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge in connection with all assets acquired by the Borrower or the Subsidiaries in respect of the Property and the Beachfront Land after the date hereof and intended to be subject to security interests created hereby including any insurance thereon; provided however that the foregoing obligation of the Borrower or the Subsidiaries to execute and deliver deeds or other instruments shall only apply whenever the Borrower is requested to do so by BNB FTC or BNB.

8. REPRESENTATIONS AND WARRANTIES

8.1 To induce BNB or BNB FTC to make each Advance available to the Borrower, the Borrower represents and warrants to BNB FTC and BNB that as of the date hereof, at the date of each request for an Advance and during the period that any monies remain outstanding to BNB or BNB FTC:-

(a) Corporate Status and Qualifications

(i) The Borrower is a society with restricted liability duly formed under the laws of Barbados and validly existing under the laws of Barbados, is in good standing under such laws and is duly qualified and has full corporate power and legal right to own its property, to enter into and to perform its rights and obligations under the Security and this Agreement and to otherwise carry on its business as now conducted, and is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Borrower and would not materially adversely affect the ability of the Borrower to perform its obligations under this Agreement or the Security to which it is a party.

(ii) The Subsidiaries have each been duly formed under the laws of jurisdiction of their incorporation and are validly existing under the laws of the British Virgin Islands and Barbados, as the case may be, are in good standing under such laws and are duly qualified and have full corporate power and legal right to own their property, to enter into and to perform their rights and obligations under the Security and to otherwise carry on their business as now conducted, and are in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Subsidiary and would not materially adversely affect the ability of the Subsidiary to perform its obligations under the Security to which it is a party.

(b) Business of the Borrower

The Project, the maintenance and management of the Development and the Initial Development of the Beachfront Land are the only business of the Borrower, and the Borrower has never engaged in any other business.

(c) Quotas and Shares

(i) The quotas referred to in Clause 7.1 (b) and (c) hereto represent all of the issued and outstanding quotas of the Society, and no other quotas have been issued or are outstanding.

(ii) The shares referred to in Clause 7.1 (h) hereto represent all of the issued and outstanding shares of the Subsidiaries, and no other shares have been issued or are outstanding.

(d) Authorization; Consents; Enforceable Obligations

(i) The Borrower has taken all corporate action necessary to be taken by it to authorize the obtaining of the Loan by it hereunder and the execution and delivery of, and the performance of its obligations under this Agreement and the Security to which it is a party. Except as otherwise contemplated in this Agreement, no consent, waiver or authorization of, or filing with, any person (including, without limitation, any creditors of the Borrower or any governmental authority or agency) is required to be obtained by the Borrower in connection with the obtaining of the Loan hereunder by the Borrower or the execution and delivery of, and the performance, validity or enforceability of this Agreement or the Security to which the Borrower is a party. This Agreement and the Security to which the Borrower is a party have been duly executed and delivered by the Borrower, and, once the Security has been registered as contemplated in Clause 7.2 hereof, constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforceability of creditors' rights generally or by general principles of equity.

(ii) Each of the Subsidiaries have taken all corporate action necessary to be taken by each one of them to authorize the execution and delivery of, and the performance of its obligations under the Security to which it is a party. Except as otherwise contemplated in this Agreement, no consent, waiver or authorization of, or filing with, any person (including, without limitation, any creditors of the Subsidiaries or any governmental authority or agency) is required to be obtained by any of the Subsidiaries in connection with the execution and delivery of or the performance, validity or enforceability of the Security to which the Subsidiary is a party. The Security to which the Subsidiaries are a party have been duly executed and delivered by each of the Subsidiaries, and, once the Security has been registered as contemplated in Clause 7.2 hereof, constitute legal, valid and binding obligations of the Subsidiaries enforceable against the Subsidiaries in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforceability of creditors' rights generally or by general principles of equity.

(e) Litigation

There is no action, suit or proceeding (whether or not purportedly on behalf of the Borrower or any Subsidiary) pending or, to the knowledge of the Borrower, threatened, against or affecting the Borrower or any Subsidiary before any court or before or by any governmental department, commission or agency, in Barbados or elsewhere, or before any arbitrator or board, which has the effect of a Material Adverse Change or has any reasonable likelihood of having such effect on the Borrower or any Subsidiary, and neither the Borrower or any of the Subsidiaries is in default with respect to any judgment, order, writ, injunction, decree or award of any court, arbitrator or government department, commission or agency, in Barbados or elsewhere.

(f) Burdensome Provisions

Neither the Borrower nor the Subsidiaries are a party to any agreement or instrument or subject to any rule, regulation or restriction or to any judgment, order, writ, injunction, decree or award, which materially adversely affects, or which has any reasonable likelihood of materially adversely affecting, the business, operations, property or condition (financial or otherwise) of the Borrower or any Subsidiary.

(g) Compliance with Other Instruments

Neither the Borrower nor any of the Subsidiaries are in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture, note, conditional sale agreement, lease, loan agreement or other similar document evidencing any indebtedness, liability or obligation of the Borrower or any Subsidiary or contained in any agreement or deed under or pursuant to which any of the foregoing has been issued or made and delivered, which default entitles the holder or holders, with or without the giving of notice of such default or the lapse of time, to declare any such indebtedness or liability or obligation or otherwise cause the same to become immediately due and payable. The execution and delivery of this Agreement and the Security by the Borrower and the execution and delivery of the Security to which they are a party by the Subsidiaries and the consummation of the transactions herein and therein contemplated and the compliance with the terms, conditions and provisions hereof and thereof, will not conflict with, or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of the Articles of Organisation or By-laws or any agreement or instrument to which the Borrower or any Subsidiary is a party or by which it is bound, or (except as contemplated by this Agreement) result in the creation or imposition of any Lien upon any of its property other than Permitted Liens.

(h) Title; Approvals; etc.

(i) The Borrower is the legal and beneficial owner of the Property and the Queen Street Land, subject only to the Security. The Mortgage / Debenture and the Third Mortgage / Debenture referred to in Clauses 7.1(a) and 7.1(k) respectively shall constitute a first fixed and floating mortgage and charge on the Property and the Composite Mortgage / Debenture referred to in Clause 7.1(h) over the Queen Street Land. There are no restrictions imposed by law or by agreement which conflict with or adversely affect the proposed development, construction and operation of the Project or with the Initial Development of the Beachfront Lands. All necessary governmental and Town and Country Planning approvals for the development, construction and operation of the Project and for the Initial Development of the Beachfront Lands as contemplated herein are in effect and have been complied with, subject only to compliance with applicable building by-laws regarding construction materials, building safety requirements and other matters with respect to construction which may not yet be in place.

(ii) Godings Bay (BVI) Limited and Cobblers (Barbados) Limited are the legal and beneficial owners of the Other Queen Street Land, subject only to the Security. The Composite Mortgage / Debenture referred in Clause 7.1(h) shall constitute a first fixed and floating mortgage and charge on the Other Queen Street Land.

(i) Plans and Specifications

There are no plans or specifications for the Project other than the Plans and Specifications.

(j) Equipment and Furnishings

Except with the prior written consent of BNB FTC or BNB, no equipment or furnishings that have or will become part of the Project by attachment or use as required by the Plans and Specifications will be subject to any Lien other than the Security and Permitted Liens.

(k) Default

No Default or Event of Default has occurred and is continuing.

(l) Disclosure

No representation or warranty made by the Borrower in this Agreement or in any other document furnished to BNB FTC or BNB from time to time in connection herewith contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to the Borrower on the date of this Agreement which materially adversely affects, the business, operations, property or condition (financial or otherwise) of the Borrower which has not been set forth in or referred to in this Agreement.

(m) Insolvency

Neither the Borrower nor any of the Subsidiaries: (i) have committed any act of bankruptcy, (ii) are insolvent, (iii) have proposed or given notice of its intention to propose a compromise or arrangement to its creditors generally, (iv) have a petition for a receiving order in bankruptcy filed against it, (v) have made a voluntary assignment in bankruptcy or taken any proceeding to have itself declared bankrupt or wound-up or taken any proceeding to have a receiver appointed of any part of its assets or had any encumbrancer take possession of any of its property, or (vi) have had an execution or distress become enforceable or become levied on any of its assets and property.

(n) Infringement

To the best of the knowledge of the Borrower the design, construction and operation of the Project does not infringe upon any patents, trademarks, trade names, service marks or copyrights, domestic or foreign or any other industrial property or intellectual property of any other person.

(o) Contractual Obligations

All contractual obligations of the Borrower as at the date hereof under the Project Contracts and the Project Documents have been satisfied, met or otherwise complied with.

(p) The Association

(i) The Association is a non-profit company duly formed under the laws of Barbados and validly existing under the laws of Barbados, is in good standing under such laws and is duly qualified and has full corporate power and legal right to own its property, to enter into and to perform its rights and obligations under the Project Documents and to otherwise carry on its business as now conducted, and is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Association and would not materially adversely affect the ability of the Association to perform its obligations under the Project Documents to which it is a party.

(ii) There is no action, suit or proceeding (whether or not purportedly on behalf of the Association) pending or, to the knowledge of the Borrower, threatened, against or affecting the Association before any court or before or by any governmental department, commission or agency, in Barbados or elsewhere, or before any arbitrator or board, which has the effect of a Material Adverse Change or has any reasonable likelihood of having such effect on the Association, and the Association is not in default with respect to any judgment, order, writ, injunction, decree or award of any court, arbitrator or government department, commission or agency, in Barbados or elsewhere.

(iii) The Association is not a party to any agreement or instrument or subject to any rule, regulation or restriction or to any judgment, order, writ, injunction, decree or award, which materially adversely affects, or which has any reasonable likelihood of materially adversely affecting, the business, operations, property or condition (financial or otherwise) of the Association.

(iv) The Association is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture, note, conditional sale agreement, lease, loan agreement or other similar document evidencing any indebtedness, liability or obligation of the Association or contained in any agreement or deed under or pursuant to which any of the foregoing has been issued or made and delivered, which default entitles the holder or holders, with or without the giving of notice of such default or the lapse of time, to declare any such indebtedness or liability or obligation or otherwise cause the same to become immediately due and payable.

(v) The Association: (a) has not committed any act of bankruptcy, (b) is not insolvent, (c) has not proposed or given notice of its intention to propose a compromise or arrangement to its creditors generally, (d) has no petition for a receiving order in bankruptcy filed against it, (e) has not made a voluntary assignment in bankruptcy or taken any proceeding to have itself declared bankrupt or wound-up or taken any proceeding to have a receiver appointed of any part of its assets or had any encumbrancer take possession of any of its property, or (f) has not had an execution or distress become enforceable or become levied on any of its assets and property.

8.2 To induce BNB and BNB FTC to make each Advance to the Borrower, C.O. Williams hereby represents and warrants to BNB and BNB FTC that as of the date hereof, at the date of each request for an Advance and during the period that any monies remain outstanding to BNB or BNB FTC by the Borrower:-

(a) Corporate Status and Qualifications

C.O. Williams is a limited liability company duly formed under the laws of Barbados, is validly existing under the laws of Barbados and is duly qualified and has full corporate power and legal right to perform its obligations under this Agreement and to carry on its business as now conducted, and is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or otherwise) of C.O. Williams and would not materially adversely affect the ability of C.O. Williams to perform its obligations under this Agreement.

(b) Litigation

There is no action, suit or proceeding (whether or not purportedly on behalf of C.O. Williams) pending or, to the knowledge of C.O. Williams, threatened, against or affecting C.O. Williams before any court or before or by any governmental department, commission or agency, in Barbados or elsewhere, or before any arbitrator or board, which has the effect of a Material Adverse Change or has any reasonable likelihood of having such effect on C.O. Williams, and C.O. Williams is not in default with respect to any judgment, order, writ, injunction, decree or award of any court, arbitrator or government department, commission or agency, in Barbados or elsewhere.

(c) Burdensome Provisions

C.O. Williams is not a party to any agreement or instrument or subject to any rule, regulation or restriction or to any judgment, order, writ, injunction, decree or award, which materially adversely affects, or which has any reasonable likelihood of materially adversely affecting, the business, operations, property or condition (financial or otherwise) of C.O. Williams.

(d) Compliance with Other Instruments

The execution and delivery of this Agreement and the consummation of the transactions herein and therein contemplated and the compliance with the terms, conditions and provisions hereof and thereof, will not conflict with, or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of the articles of incorporation or by-laws or other constitutional documents or corporate instruments of C.O. Williams or any agreement or instrument to which C.O. Williams is a party or by which it is bound.

(e) Disclosure

No representation or warranty made by C.O. Williams in this Agreement or in any other document furnished to BNB FTC or BNB from time to time in connection herewith contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to C.O. Williams on the date of this Agreement which materially adversely affects, the business, operations, property or condition (financial or otherwise) of C.O. Williams which has not been disclosed to BNB FTC or BNB.

(f) Insolvency

C.O. Williams (i) has not committed any act of bankruptcy, (ii) is not insolvent, (iii) has not proposed or given notice of its intention to propose a compromise or arrangement to its creditors generally, (iv) has no petition for a receiving order in bankruptcy filed against it, (v) has not made a voluntary assignment in bankruptcy or has taken any proceeding to have itself declared bankrupt or wound-up or taken any proceeding to have a receiver appointed of any part of its assets or had any encumbrancer take possession of any of its property, or (vi) has not had an execution or distress become enforceable or become levied on any of its assets and property.

(g) Infringement

To the best of the knowledge of C.O. Williams, the design, construction and operation of the Project does not infringe upon any patents, trademarks, trade names, service marks or copyrights, domestic or foreign or any other industrial property or intellectual property of any other person.

(h) Charge on Quotas

There has been no default by C.O. Williams Investments Inc. of any of the terms and conditions of the C.O. Williams Charge over Quotas.

8.3 To induce BNB and BNB FTC to make each Advance to the Borrower, Landmark hereby represents and warrants to BNB and BNB FTC that as of the date hereof, at the date of each request for an Advance and during the period that any monies remain outstanding to BNB or BNB FTC by the Borrower:-

(a) Corporate Status and Qualifications

Landmark is a corporation duly formed under the laws of the State of Delaware, is validly existing under the laws of the State of Delaware and is duly qualified and has full corporate power and legal right to perform its obligations under this Agreement and to carry on its business as now conducted, and is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or otherwise) of Landmark and would not materially adversely affect the ability of Landmark to perform its obligations under this Agreement.

(b) Litigation

There is no action, suit or proceeding (whether or not purportedly on behalf of Landmark) pending or, to the knowledge of Landmark, threatened, against or affecting Landmark before any court or before or by any governmental department, commission or agency, in Barbados, the United States of America or elsewhere, or before any arbitrator or board, which has the effect of a Material Adverse Change or has any reasonable likelihood of having such effect on Landmark, and Landmark is not in default with respect to any judgment, order, writ, injunction, decree or award of any court, arbitrator or government department, commission or agency, in Barbados, the United States of America or elsewhere.

(c) Burdensome Provisions

Landmark is not a party to any agreement or instrument or subject to any rule, regulation or restriction or to any judgment, order, writ, injunction, decree or award, which materially adversely affects, or which has any reasonable likelihood of materially adversely affecting, the business, operations, property or condition (financial or otherwise) of Landmark.

(d) Compliance with Other Instruments

The execution and delivery of this Agreement and the consummation of the transactions herein and therein contemplated and the compliance with the terms, conditions and provisions hereof and thereof, will not conflict with, or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of the constitutional documents or corporate instruments of Landmark or any agreement or instrument to which Landmark is a party or by which it is bound.

(e) Disclosure

No representation or warranty made by Landmark in this Agreement or in any other document furnished to BNB FTC or BNB from time to time in connection herewith contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to Landmark on the date of this Agreement which materially adversely affects, the business, operations, property or condition (financial or otherwise) of Landmark which has not been disclosed to BNB FTC or BNB.

(f) Insolvency

Landmark (i) has not committed any act of bankruptcy, (ii) is not insolvent, (iii) has not proposed or given notice of its intention to propose a compromise or arrangement to its creditors generally, (iv) has no petition for a receiving order in bankruptcy filed against it, (v) has not made a voluntary assignment in bankruptcy or has taken any proceeding to have itself declared bankrupt or wound-up or taken any proceeding to have a receiver appointed of any part of its assets or had any encumbrancer take possession of any of its property, or (vi) has not had an execution or distress become enforceable or become levied on any of its assets and property.

(g) Infringement

To the best of the knowledge of Landmark, the design, construction and operation of the Project does not infringe upon any patents, trademarks, trade names, service marks or copyrights, domestic or foreign or any other industrial property or intellectual property of any other person.

(h) Charge on Quotas

There has been no default by LML Caribbean Limited of any of the terms and conditions of the Landmark Charge over Quotas.

8.4 If during the period that any monies remain outstanding to BNB or BNB FTC there is a breach of any of the representations or warranties provided in Clause 8.1, 8.2 or 8.3 hereto, BNB and BNB FTC shall be under no obligation to make any further Advances pursuant to this Loan Agreement.

9. COVENANTS

9.1 Affirmative Covenants by the Borrower

The Borrower covenants and agrees that so long as any Advance is outstanding or other amount is owed by it hereunder, it shall:-

(a) Use of Funds

Use or permit to be used the Loan or any part thereof solely for the payment of Project Costs, for the purchase of Shares and the Queen Street Land and for the Initial Development of the Beachfront Land.

(b) Project Budget

Consult with BNB FTC or BNB in respect of any proposed material revisions, variations or deviations in connection with the Project Budget and obtain BNB FTC or BNB's prior written consent to the same.

(c) Changes to Project

Consult with BNB FTC or BNB in respect of any proposed changes, variations or deviations in connection with the layout or structure of the Project or the Development that are material, obtain BNB FTC or BNB's prior written consent to the same and, if applicable, obtain the permission of the Chief Town Planner and any licences, consents, permits or authorizations required to effect and to keep in effect any such material change, variation or deviation.

(d) Acquisition of Assets

Forthwith notify BNB FTC and BNB of its intention to acquire any assets that would have a material impact on the financial position of the Borrower which are not in the Project Budget.

(e) Price Lists

Provide to BNB FTC and BNB the list of prices and any amendments thereto for the sale of the Lots and of any other part of the Development that may be for sale by the Borrower.

(f) Project Information

Provide to BNB FTC and BNB updates on the sales of the Lots and updates on the construction and progress of the Project from time to time but in any event not less than every month from the date of the first Advance in respect of the First Tranche or as may otherwise be required by BNB FTC or BNB, and to provide at least twenty-four hours' notice to BNB FTC and BNB to permit BNB FTC or BNB or its agent to attend all meetings concerning sales, construction, general progress or otherwise to do with the Project.

(g) Quantity Surveyors' Certificate

Deliver or cause to be delivered to BNB FTC and BNB concurrently with each Notice of Borrowing but in any event not less frequently than every two months, a certificate from the Contractor duly certified by the Quantity Surveyor and verified by BNB FTC or BNB or its representative certifying (i) that construction of the Project to the date hereof is in compliance with all laws, by-laws, permits and orders, and has progressed in accordance with the Construction Schedule; (ii) the percentage of construction completed to the date thereof; (iii) the Estimated Completion Costs and (iv) such other matters as may be required by BNB FTC or BNB.

(h) Payment of Obligations

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its indebtedness and other material obligations of whatever nature (including all Project Costs), except when the amount or validity thereof is currently being contested and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower.

(i) Financial Statements

The Borrower shall:-

- (i) within ninety days after the close of each financial year of the Borrower, deliver to BNB FTC and BNB an audit report prepared and certified by independent, certified or chartered accountants approved by BNB FTC or BNB;
- (ii) within sixty days after the close of its first three calendar quarters, deliver to BNB FTC and BNB unaudited reports or financial statements certified as accurate by one of the authorized officers of the Borrower;
- (iii) on a quarterly basis, deliver to BNB FTC and BNB unaudited financial statements and a certificate signed by an authorized officer of the Borrower, certifying that no Default exists;
- (iv) deliver to BNB FTC and BNB such other information as BNB FTC or BNB may from time to time reasonably request. All such financial information shall present fairly and accurately the financial position of the Borrower in accordance with GAAP. If the financial information referred to in this Clause 9.1(b) is not submitted as herein stipulated, BNB FTC and BNB reserve the right to have the said financial information prepared and to debit the Borrower's account with the cost of the same and to vary upwards the interest rate having given notice to the Borrower of such variation.

(j) Changes

Forthwith notify BNB FTC and BNB if (i) there is a Material Adverse Change in the financial condition of the Borrower and / or (ii) the business, operations and property of the Borrower has been materially adversely affected for any reason.

(k) Conduct of Project

- (i) Carry out the Project and conduct business efficiently and with due regard for the environment.
- (ii) Adhere to and comply strictly with environmental regulations and laws, such adherence and conformation to be confirmed by an officer of the Borrower to BNB FTC or BNB on an annual basis.
- (iii) Maintain the site of the Project to a level acceptable to BNB FTC and BNB.
- (iv) Obtain the written approval of BNB FTC or BNB for all material changes in the scope of works and any variations that will materially increase the cost of the Project, such changes and variations to be advised to and acknowledged by the Contractor.

(v) Obtain from each Contractor a fixed price contract (or other contract acceptable to BNB FTC and BNB) whereby the Contractor assumes all construction risks in this regard, such contract to be executed in a form acceptable to BNB FTC and BNB, and obtain the prior written consent of BNB FTC or BNB before entering into or amending such contract or agreeing to any change in price or scheduling under the terms of such contract. A copy of each such contract and any amendments thereto shall be provided to BNB FTC and BNB immediately after each such contract and any amendments thereto have been entered into by the Borrower.

(vi) Ensure that all consents, licences, permits and any other statutory or governmental requirements and / or regulations required in connection with the maintenance and running of the Development are obtained and adhered to, the same to be confirmed by an Officer of the Borrower to BNB FTC or BNB on an annual basis.

(vii) Punctually pay and discharge all rates taxes duties charges assessments impositions and outgoings which shall be assessed charged or imposed upon or payable in respect of the Property or any part thereof and if pursuant thereto at any time such payments shall not be made or the receipts therefore should not be delivered to BNB FTC or BNB on demand BNB FTC or BNB may pay the same and all monies expended by BNB FTC or BNB this provision shall be deemed to be properly paid by BNB FTC or BNB on behalf of the Borrower.

(viii) Ensure that nothing shall be done or nothing shall be permitted to be done in consequence whereof any of the Property may in any way deteriorate or lessen in value or any policy of insurance effected in pursuance of the provisions of this Agreement be avoided or the amount of any premium payable for any such policy of insurance be increased.

(l) Completion of Project

(i) Complete or cause to be completed the construction and equipping of the Project in a timely manner and in accordance with the Plans and Specifications and the Construction Schedule, and duly exercise or cause to be exercised all rights under the Project Contracts to achieve such result.

(ii) At any time permit a Project Review Team appointed by BNB FTC or BNB to evaluate the Project Budget and the Project Documents to determine whether or not the Project can be completed for the stated amount and time frame.

(iii) Ensure that Certificates of Compliance for the sale of the Lots and for the completion of all works on the Project site are obtained after the requisite works required under the Permission of the Chief Town Planner have been completed, and to provide a copy of the same to BNB FTC and BNB, and to undertake to promptly make any variations or adjustments required by the Chief Town Planner in order for a Certificate of Compliance to be obtained.

(m) Project Documents and Construction Contracts

Ensure that all Project Documents and Construction Contracts have, in form and in substance, been approved by BNB FTC or BNB before they have been deemed to be finalized.

(n) Discharge of Liens

Discharge any Lien relating to the Project within five days of receiving notice thereof provided that the Lien is not in dispute.

(o) Conduct of Business and Maintenance of Existence

Carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practices; preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; and comply with all Contractual Obligations and Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, property or condition (financial or other wise) of the Borrower, or the ability of the Borrower to perform its obligations under the Project Contracts, this Agreement or the Security to which it is a party.

(p) Insurance

(i) Construction

The Borrower shall maintain or cause to be maintained Contractors' All-risk insurance coverage on the Project to be sufficient to replace the Project or to repay all amounts outstanding pursuant to the Loan and required to be paid hereunder and such other direct damage and indirect damage with respect to delay in opening insurance as BNB FTC or BNB may reasonably require from time to time, all with insurance companies as approved by BNB FTC or BNB. Such insurance is to be in such amounts and with such deductibles as are customary in the case of owners of projects similar to the Project and in any event as are acceptable to BNB FTC and BNB. Such insurance is to cover such risks including but not limited to:- (i) insurance of the site and work materials; (ii) workman compensation insurance; (iii) professional indemnity insurance; (iv) property and indemnity to employer; (v) insurance against personal injury or damage.

(ii) Post Construction

After Substantial Completion has been achieved and for so long as any amounts are due hereunder, the Borrower shall maintain or cause to be maintained:-

(a) all risks insurance (including the perils of fire, flood, hurricane, tidal wave and earthquake) on all property of the Borrower located at and / or relating to the Property on a replacement cost basis;

(b) commercial general and umbrella liability insurance, including insurance against claims for personal injury, death, property damage or other loss arising out of the business of the Borrower and the operation of the Project and extended to include coverage for contractual liability, contingent employer's liability, collapse and explosion;

(c) workers' compensation insurance covering employees of the Borrower and any other person acting under the authority of the Borrower;

all with insurance companies as approved by BNB FTC or BNB such approval not be unreasonably withheld. Such insurance is to be in such amounts and with such deductibles as are customary in the case of owners of projects similar to the Project and in any event as are acceptable to BNB FTC and BNB, such acceptance not be unreasonably withheld.

(iii) Insurance on the Beachfront Land

The Borrower shall maintain or cause to the Subsidiaries to maintain:

(a) all risks insurance (including the perils of fire, flood, hurricane, tidal wave and earthquake) on the Beachfront Land on a replacement cost basis;

(b) commercial general and umbrella liability insurance, including insurance against claims for personal injury, death, property damage or other loss arising out of the business of the Subsidiaries and extended to include coverage for contractual liability, contingent employer's liability, collapse and explosion;

(c) workers' compensation insurance covering employees of the Subsidiaries and any other person acting under the authority of the Subsidiaries

all with insurance companies as approved by BNB FTC or BNB such approval not be unreasonably withheld. Such insurance is to be in such amounts and with such deductibles as are customary in the case of owners of property similar to the Beachfront Land and in any event as are acceptable to BNB FTC and BNB, such acceptance not be unreasonably withheld.

(iv) General

(a) All policies taken by the Borrower or the Subsidiaries including but not limited to physical damage shall note the interest of BNB as first mortgagee.

(b) Upon procurement of the insurance required pursuant to this clause, the Borrower shall furnish to BNB an Officers' Certificate of the Borrower indicating procurement of all such required insurance. Such Officers' Certificate shall identify the underwriters, the type of insurance, the insurance limits, the risks covered thereby and the policy term. Upon any renewal of such insurance, the Borrower shall furnish to BNB an Officer's Certificate of the Borrower confirming such renewal and identifying the underwriters, the type of insurance, the insurance limits, the risks covered therein and the policy terms.

(c) Each insurance policy obtained by the Borrower shall subject to the insurer's agreement provide for at least thirty days' written notice to BNB of cancellation, reduction in amount of coverage or any material change in coverage.

(d) The Borrower shall not, directly or indirectly, terminate, cancel or suspend or permit or consent to any termination, cancellation or suspension of, or enter into or consent to or permit the assignment of the rights or obligations of any party to any insurance policy obtained by it without the prior written consent of BNB.

(e) The Borrower shall not, directly or indirectly, amend, modify, supplement or waive, or permit or consent to the amendment, modification, supplement or waiver of, any of the provisions of, or give any consent under, any insurance policy obtained by it (including amending, reducing or canceling any coverage thereunder), without the prior written consent of BNB such consent not to be unreasonably withheld.

(g) The provisions of this clause shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the Security that require the maintenance of insurance. In the event that any insurance whatsoever is purchased, taken or otherwise obtained by the Borrower with respect to the Project or the Beachfront Land otherwise than as required hereunder or if the interest of BNB is not properly noted thereon or the security interest of BNB is not otherwise made upon the terms required in this Section, without limitation of any provision of the Security, such insurance shall be considered assigned hereunder to BNB on its behalf with the right of BNB on its behalf to make, settle, comprise and liquidate any and all claims thereunder, without prejudice to the exercise of any other rights and remedies that BNB on its behalf may have under any Applicable Law.

(h) BNB FTC and BNB agree that absent the continuing occurrence of any Default or Event of Default, all insurance proceeds received by BNB pursuant to this clause shall be utilized to repair or reinstate those parts of the Property or the Beachfront Land which were damaged by the event to which the insurance applies or shall otherwise be utilized to cover damages or losses incurred by the Borrower in connection with the damage sustained on the Property or the Beachfront Land and in the event that the proceeds of such insurance are sufficient after making good the damage to the Property or the Beachfront Land may be applied by the Borrower to costs incurred in connection with any applicable insurance claim.

(q) Inspection of Property; Books and Records; Discussions

The Borrower and the Subsidiaries shall keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; at any reasonable time and from time to time upon reasonable prior notice, the Borrower and the Subsidiaries shall permit employees and/or agents of BNB FTC or BNB to examine and make copies of and abstracts from the records and books of account of the Borrower and/or the Subsidiaries and to visit and inspect the premises and properties, including the Project, of the Borrower and/or the Subsidiaries and to discuss the affairs, finances and accounts of the Borrower and/or the Subsidiaries with any of the chief financial officers of the Borrower or such other knowledgeable senior officer as may be designated from time to time by the Borrower and to inspect any of the collateral subject to the security interests granted under or pursuant to the Security.

(r) Inspection of Property

The Borrower shall provide BNB FTC and BNB with access to the Property and the Beachfront Land from time to time during the course of construction as well as after the completion of the Project for the purposes of inspecting the Property or the Beachfront Land upon not less than twenty-four hours' notice to the Borrower.

(s) Filings

The Borrower shall ensure that it and the Subsidiaries file all tax returns required to be filed by any one of them and to pay all assessments, re-assessments, and all other taxes, governmental charges, penalties, interest and fines, if any, due and payable by it, including but not limited to Value Added Tax, land tax, corporation tax and contributions to the National Insurance Scheme, and shall provide BNB FTC or BNB with written evidence of such filings and payments when requested to do so.

(t) Notices

Promptly give notice to BNB FTC and BNB:-

- (i) of the occurrence of any Default or Event of Default;
- (ii) of any Default or Event of Default under any Contractual Obligation of the Borrower or any of the Subsidiaries or litigation, investigation or proceeding which may exist at any time between the Borrower or any of the Subsidiaries and any Governmental Authority, which in either case has any reasonable likelihood of having a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Borrower or any of the Subsidiaries;
- (iii) of any litigation or proceeding affecting the Borrower in which the portion of the alleged damages not fully covered by insurance is more than One Million Barbados Dollars (BDS\$1,000,000.00) (or an equivalent amount in any other currency or currencies) or in which any injunctive or similar relief is sought, and of any material adverse development in such litigation or proceeding; and
- (iv) of any Material Adverse Change concerning the Borrower or any of the Subsidiaries.

Each notice pursuant to this paragraph (u) shall be accompanied by a statement of the chief executive officer or chief financial officer of the Borrower or the Subsidiary setting forth details of the occurrence referred to therein and stating what action the Borrower or the Subsidiary has taken and proposes to take with respect thereto.

(u) Security

The Borrower shall provide or shall procure that the Subsidiaries provide the Security contemplated hereunder perfected to the satisfaction of BNB and BNB FTC.

(v) Necessary Acts for Security

The Borrower shall perform or cause to be performed on the request of BNB FTC or BNB and at the Borrower's expense, such acts as may be reasonably necessary or advisable to preserve, protect or perfect any Lien provided for hereunder or under any of the documents relating to the Security or otherwise to carry out the intent of this Agreement. Without limiting the generality of the foregoing, the Borrower shall cause to be executed, delivered and registered such further deeds or instruments of conveyance, assignment, transfer, mortgage, pledge or charge necessary or advisable for such purpose.

(w) Escrow Account

Hold in an escrow account all proceeds from the sale of the Land or any part thereof as provided for in Clause 6.3 hereto.

(x) Operating Accounts

Establish and maintain any operating accounts in respect of the Loan and the Project at BNB.

(y) Intellectual Property

Register the trade mark and name "Apes Hill Club" and all intellectual property rights pertaining thereto with the appropriate Government Authority, and to keep all licences and registrations in connection therewith in full force and effect.

(z) Breach of Contract

Notify BNB FTC and BNB of any breach of any of the Project Documents, Project Contracts or Construction Contracts immediately upon such breach coming to or being brought to the Borrower's attention

9.2 Affirmative Covenants by the Project Sponsors

The Project Sponsors respectively covenant and agree that so long as any Advance is outstanding or other amount is owed by the Borrower hereunder:-

(a) Financial Statements

Each Project Sponsor shall deliver to BNB FTC or BNB such financial information regarding such Project Sponsor as BNB FTC or BNB may from time to time reasonably request. All such financial information shall present fairly and accurately the financial position of each Project Sponsor in accordance with GAAP.

(b) Excess Project Costs

Establish the necessary cost control arrangements and ensure that adequate provisions are in place to meet the costs of any unanticipated variations. Any cost over-runs in the construction, FF&E, purchasers and / or other Project Costs not included in the Project Budget shall be borne by the Project Sponsors and shall be paid by the Project Sponsors immediately upon identification thereof prior to the Borrower requesting any further Advances and BNB FTC and BNB shall be provided with such evidence of such payments as it may require as a condition precedent to the making of any further Advances.

(c) Changes

Each Project Sponsor shall forthwith notify BNB FTC and BNB if (i) there is a Material Adverse Change in its financial condition and / or (ii) its business, operations and property has been materially adversely affected for any reason and / or (iii) there is a change in any of the directors or executive officers of the Project Sponsors and /or (iv) there is a change in the beneficial ownership of either of the Project Sponsors.

(d) Conduct of Business and Maintenance of Existence

Each Project Sponsor shall carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practices; preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; and comply with all Contractual Obligations and Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on its business, operations, property or condition (financial or other wise), or its ability to perform its obligations under the Project Contracts, this Agreement or any other agreement relating to the Project to which it is a party.

(e) Inspection of Property; Books and Records; Discussions

Each Project Sponsor shall keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; at any reasonable time and from time to time upon reasonable prior notice, each Project Sponsor shall permit employees and/or agents of BNB FTC and BNB to examine and make copies of and abstracts from the records and books of account of the Project Sponsor and to discuss the affairs, finances and accounts of the Project Sponsor with any of the chief financial officers of the Project Sponsor or such other knowledgeable senior officer as may be designated from time to time by the Project Sponsor.

(f) Notices

Promptly give notice to BNB FTC and BNB of (i) any litigation or proceeding affecting the Project Sponsor in which the portion of the alleged damages not fully covered by insurance is more than One Million Barbados Dollars (BDS\$1,000,000.00) (or an equivalent amount in any other currency or currencies) or in which any injunctive or similar relief is sought, and of any material adverse development in such litigation or proceeding; and (ii) of any Material Adverse Change concerning either of the Project Sponsors. Each notice pursuant to this paragraph (f) shall be accompanied by a statement of the chief executive officer or chief financial officer of the Project Sponsor setting forth details of the occurrence referred to therein and stating what action the Project Sponsor has taken and proposes to take with respect thereto.

(g) Compliance

Procure that the Borrower shall observe the covenants on the part of the Borrower contained in this Agreement and comply with the terms and conditions hereof.

(h) Provision of Services

Any services to be provided to the Borrower by either of the Project Sponsors or any Related Party of the Project Sponsors shall be provided at fair market value on an arms length basis.

(i) Notice of Breach

Promptly give notice to BNB FTC and BNB of any breach of any Construction Contract to which either of the Project Sponsors or any Related Party of either of the Project Sponsors is a party.

9.3 Negative Covenants

The Borrower covenants and agrees that so long as any Advance is outstanding or other amount is owed by it hereunder, it shall not do or permit to be done the following acts or things without the prior written consent of BNB FTC or BNB in each case such consent not to be unreasonably withheld namely:-

(a) Liens

Create, incur, assume or suffer or permit to exist any Lien upon the Property, the Shares or the Beachfront Land, except for the Security and Permitted Liens.

(b) Amendments

(i) Agree to or permit any material amendment to be made the Project Budget.

(ii) Agree or permit any material amendment to be made to the Articles of Organization, the By-Laws, to the Members' Agreement, the Memorandum and Articles of Association of Cobblers (BVI) Limited, the Memorandum and Articles of Association of Godings Bay (BVI) Limited or the Articles of Incorporation and By-Laws of Cobblers (Barbados) Limited.

(iii) Agree or permit any material amendment to be made to the Project Documents.

(iv) Agree or permit any material amendment to the Plans and Specifications.

(v) Agree or permit any amendment to the financial year end of the Borrower.

(c) Quotas and Shares

(i) Issue any quotas in the Borrower to any other Person other than those that have, as at the date hereof, been issued to C.O. Williams Investments Inc., being 8,000,000 quotas and to LML Caribbean Ltd., being 4,000,000 quotas.

(ii) Issue any shares in Cobblers (BVI) Limited or Godings Bay (BVI) Limited to any other Person other than those that have, as at the date hereof, been issued to the Borrower, being 50,000 shares.

(iii) Issue any shares in Cobblers (Barbados) Limited to any other Person other than those that have, as at the date hereof, been issued to Cobblers (BVI) Limited, being 200 Class A Common Shares and 100 Class B Common Shares shares.

(iv) Grant to any Person any agreement or option or any rights or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription, allotment or issuance of any of the unissued quotas in the capital of the Borrower or of loan capital of the Borrower or any of the unissued shares in the capital of any of the Subsidiaries or of the loan capital of any of the Subsidiaries.

(d) Termination

Permit any termination of any of the Project Contracts by other than a default thereunder by the contracting party(s).

(e) Amalgamation and Disposition of Assets

Enter into any transaction of amalgamation or consolidation or merger or liquidate, wind up or dissolve itself (or suffer any liquidation, winding-up or dissolution), or convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any material part of its business or property.

(f) Borrowing of Money

Borrow money except pursuant to this Agreement.

(g) Dividends

Pay any dividends or make any distribution.

(h) Repayment of Loan

Repay any outstanding loans or any other amounts owing to the managers and / or members of the Borrower and / or to any Related Party (other than fees payable pursuant to the Project Contracts), or repay any intercompany loans until the Loan is repaid to BNB FTC and BNB.

(i) Sale of Assets

Sell or otherwise dispose of any accounts receivable or other assets of the Borrower or the Subsidiaries other than in the normal course of the business of the Borrower or the Subsidiaries.

(j) Sale and Leaseback Transactions

Enter into any sale and leaseback transactions.

(k) Consolidations and Mergers

Consolidate with or merge into any other company or sell all or substantially all of its assets or permit any other company to merge into the Borrower or a Subsidiary or acquire all or a substantial part of the assets or capital stock or any other person, firm or company if such acquisition is analogous in either purpose or effect to consolidation or merger.

(o) Intellectual Property

License, sell, assign or otherwise transfer or dispose of any of the Borrower's intellectual property rights relating to the Apes Hill Club trademark or to the Development.

(p) Covenants and Proprietary Interest

(i) Enter into any covenants affecting or grant any Proprietary Interest in the unsold Lots, the golf course, the Club, the Beachfront Land or any other part of the Property or of the Beachfront Land to any third party other than the restrictive covenants and easements that are included in the Project Documents and approved by BNB FTC or BNB;

(ii) Grant or permit any Person to grant any Proprietary Interest in the Club to any member of the Club;

(iii) Include or allow any Person to include any provisions in the Club's plan for offering of membership or the Club Rules and Club Regulations such that they provide that membership of the Club gives a member a Proprietary Interest to use the Club Facilities.

10. EVENTS OF DEFAULT

10.1 Events of Default

Any of the following events shall constitute an Event of Default hereunder:-

- (a) if at the end of the First Phase, BNB FTC or BNB determines that the Conditions Precedent to the Second Tranche have not been satisfied by the Borrower;
- (b) if the Borrower fails to pay any amounts due under this Agreement in accordance with Clause 6.1(a) hereof;
- (c) if the Borrower or the Project Sponsors default in the performance or observance of any covenant contained in Clause 9 hereto and, with respect to any such default as is capable of being remedied, such default continues for ten days or more;
- (d) subject to the above clauses (a), (b) and (c), if the Borrower or the Project Sponsors or the Subsidiaries default in the performance or observance of any term, condition or covenant contained in this Agreement, the Security, the Project Contracts, the Project Documents or any other agreement or undertaking with BNB FTC or BNB and such default continues for a period of ten days or more;
- (e) if any representation or warranty contained in this Agreement shall be untrue in any material respect on the date as of which it was made or at any time while any Advances or other amounts due under this Agreement remain outstanding;
- (f) if the Borrower defaults in the payment when due of any other indebtedness or defaults in honouring when called upon any guarantee or indemnity given by it, and the time for payment of such indebtedness or honouring such guarantee or indemnity is not effectively extended or waived, or if any indebtedness or liability of the Borrower is caused to become due and payable prior to its stated maturity or prior to its regularly scheduled date for payment;
- (g) if this Agreement or the Security or any part thereof shall, at any time after its respective execution and delivery and for any reason, cease to be in full force and effect, or if the validity or enforceability thereof is disputed in any manner by any of the parties thereto other than BNB FTC or BNB;
- (h) if the Security or any part thereof shall, at any time after its execution and delivery and for any reason, ceases to constitute a Lien of the nature and priority specified in or contemplated by this Agreement;
- (i) if the Borrower or a Project Sponsor or a Subsidiary institutes proceedings for its winding up, liquidation or dissolution, or takes action to become a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganisation, readjustment, arrangement, composition or similar relief under any bankruptcy law or any other similar Applicable Law or consent to the filing of any such petition, or consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of any part of the property of the Borrower or a Project Sponsor or a Subsidiary which, in the sole opinion of BNB FTC or BNB, is material, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due or commits any other act of bankruptcy, or suspends transaction of its usual business, or any action is taken by the Borrower or a Project Sponsor or a Subsidiary in furtherance of any of the aforesaid;

(j) if a court having jurisdiction enters a decree or order adjudging the Borrower or a Project Sponsor or a Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation, readjustment, arrangement, composition or similar relief under any bankruptcy law or any other similar Applicable Law, or a decree or order of a court having jurisdiction for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of any part of the property of the Borrower or a Project Sponsor or a Subsidiary which, in the sole opinion of BNB FTC or BNB, is material, or for the winding up, dissolution or liquidation of its affairs, is entered and such decree or order is not contested and the effect thereof stayed, or any part of the property of the Borrower or a Project Sponsor or a Subsidiary which in the sole opinion of BNB FTC or BNB is material is sequestered or attached and is not returned to the possession of the Borrower or released from such attachment within 15 days thereafter;

(k) if an encumbrancer takes possession of any of the property of the Borrower or a Project Sponsor or a Subsidiary or a distress or execution or any similar process is levied or enforced against the same and remains unsatisfied for the shorter of a period of 15 days or such period as would permit such part of the property to be sold thereunder, and such action, in the sole opinion of BNB FTC or BNB has a likelihood of having a material and adverse effect on the business, operations, property or condition (financial or otherwise) of the Borrower or a Project Sponsor or a Subsidiary;

(l) if a final judgment shall be rendered against the Borrower or a Project Sponsor or a Subsidiary and, within fifteen days after entry thereof, such judgment shall not have been discharged, or execution thereof stayed pending appeal or if, within fifteen days after the expiration of any such stay, such judgment shall not have been discharged;

(m) if the Borrower or either of the Project Sponsors or any one of the Subsidiaries becomes a party to any litigation or arbitration proceedings or to any actions, suits proceedings or investigations including but not limited to any claims in respect of Taxes, governmental charges or assessments which, in the opinion of BNB FTC or BNB, may have a material adverse effect on the financial position of the Borrower or of either of the Project Sponsors or any one of the Subsidiaries; or

(n) if BNB FTC or BNB on reasonable grounds determines that the Project cannot be completed in accordance with the Construction Schedule or within the Project Budget.

10.2 Actions on Default

Upon the occurrence of any Event of Default, and at any time thereafter if the Event of Default shall then be continuing, BNB FTC or BNB in its discretion may take any or all of the following actions:-

(a) declare the principal and accrued interest in respect of the Advances to be, whereupon the same shall become, immediately due and payable without presentment, demand, protest or other notice of any kind all of which are hereby expressly waived by the Borrower except as otherwise provided herein;

(b) apply the Default Rate of Interest to any amounts due under this Agreement if the principal and accrued interest in respect of the Advances is declared immediately due and payable in accordance with Clause 10.2 (a);

(c) declare the Loan facility terminated, whereupon the same shall terminate immediately and all amounts accrued hereunder shall forthwith become due and payable without any further notice of any kind;

(d) realise upon the Security or any part thereof or any other security held by BNB for the indebtedness and liability of the Borrower to BNB or BNB FTC;

(e) without limitation, proceed by any other action, suit, remedy or proceeding authorised or permitted by this Agreement or by law or by equity.

10.3 Completion of the Project

Upon BNB FTC or BNB declaring the principal of the Advances to be immediately due and payable as provided in Clause 10.2(a) hereto, BNB FTC or BNB shall, without limitation of any of other rights and remedies available to BNB FTC or BNB, have the right in their sole discretion to assume all right, title and interest of the Borrower in and to the Project and all related agreements and documentation in order to complete the Project, but shall be under no obligation and shall incur no liability by its failure to do so. All amounts paid and reasonable expenses incurred by BNB FTC or BNB in connection therewith shall be payable by the Borrower upon demand by BNB FTC or BNB and shall bear interest as specified in Clause 4.1 hereto and shall be secured by the Security.

10.4 Remedies Cumulative

The rights and remedies of BNB FTC and BNB under this Agreement and the Security are cumulative and in addition to and not in substitution for any rights or remedies provided by law or by equity.

10.5 Appropriation of Moneys Received

BNB FTC and BNB may from time to time when an Event of Default has occurred and is continuing appropriate any moneys received by it from the Borrower, including any moneys in the escrow account referred to in Clause 6.3 hereto, or from the Security or any part thereof or from any other security held by BNB in or toward payment of such of the obligations of the Borrower hereunder as BNB FTC and BNB in their sole discretion may see fit.

10.6 Non-Merger

The taking of any action or dealing whatsoever by the BNB FTC or BNB in respect of the Borrower or the Security or any other security shall not operate as a merger of any of the obligations of the Borrower or BNB FTC or BNB or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which BNB FTC and BNB may have in connection with such obligations, and the surrender, cancellation or other dealing with the Security or any part thereof shall not release or affect the obligations of the Borrower or BNB FTC or BNB or prejudice any other part of the Security.

10.7 Termination of BNB FTC and BNB's Obligations

The occurrence of an Event of Default shall relieve BNB FTC and BNB of all obligations to provide any further Advances hereunder.

11. MISCELLANEOUS

11.1 Expenses

The Borrower shall, whether or not any or all of the transactions hereby contemplated shall be consummated, pay all out-of-pocket costs and reasonable expenses of BNB FTC and BNB in connection with the preparation, execution and delivery of this Agreement, the Security and all related documentation and the amendment and enforcement of, and the preservation of any of BNB FTC and BNB's rights under, this Agreement and the Security, and the repayment of Advances and the payment of interest, fees and any other obligations hereunder or under the Security (including without limitation, the reasonable fees and out-of-pocket expenses of counsel for BNB FTC and BNB and any other consultants or appraisers whose services are required in connection with the Project, the Loan and the Security).

11.2 Indemnification

The Borrower hereby agrees to indemnify BNB and BNB FTC and in each case their directors, officers, employees and agents for, and hold each of them harmless against:-

(a) Litigation

Any and all losses, liabilities, claims, damages or reasonable expenses incurred by any of them arising out of or by reason of any investigation or litigation or other proceeding (including any threatened investigation or litigation or other proceeding) relating to the extensions of credit hereunder or any actual or proposed use by the Borrower of the proceeds of any Advances or the past, present or future business activities of the Borrower including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceeding provided that any investigation or litigation or other proceeding is attributable to the activities of the Borrower (but excluding any such losses, liabilities, claims, damages or expenses that are determined pursuant to a final, non-appealable order of a court of competent jurisdiction to have resulted solely from the negligence or misconduct of BNB FTC or BNB as applicable, their directors, officers, employees and its agents); and

(b) Default

Any loss or expense, including without limitation any loss or expense arising from interest or fees payable by BNB FTC to BNB in order to make or maintain any Advances and any loss or expense incurred in liquidating or re-employing deposits from which such funds were obtained, which BNB FTC or BNB may sustain or incur as a consequence of:-

(i) default by the Borrower in the payment when due of the principal amount of or interest on any Advances or in the payment when due of any other amount hereunder;

(ii) default by the Borrower in obtaining an Advance after the Borrower has given notice hereunder that it desires to obtain such Advance; and

(iii) default by the Borrower in making any prepayment of outstanding Advances after the Borrower has given notice hereunder that it desires to make such prepayment.

(iv) A certificate of BNB FTC or BNB as to any such loss or expense shall be conclusive and binding in the absence of manifest error.

11.3 Waiver

No delay on the part of BNB FTC or BNB in exercising any right or privilege hereunder shall operate as a waiver thereof, and no waiver of any Default or Event of Default shall operate as a waiver thereof unless made in writing and signed by an authorised officer of BNB FTC or BNB as the case may be. No written waiver shall preclude the further or other exercise by BNB FTC or BNB of any right, power or privilege hereunder, or extend to or apply to any other Default or Event of Default. BNB FTC and BNB shall not be deemed to have waived, by reason of making available any Advances hereunder, any Default or Event of Default which may arise by reason of any representation or warranty made or deemed to have been made herein proving to have been false or misleading, notwithstanding that BNB FTC or BNB may have had notice or knowledge or reason to know that such representation or warranty was false or misleading.

11.4 Further Assurances

The Borrower shall from time to time forthwith upon request by BNB FTC or BNB do, make and execute all such documents, acts, matters and things as may be reasonably required by BNB FTC or BNB to give effect to this Agreement and the Security.

11.5 Notices

Any notice or communication to be given hereunder may be effectively given by delivering the same at the address hereinafter set forth or by sending the same by prepaid registered mail to the parties at such addresses. Any notice so mailed shall be deemed to have been received on the fifth Business Day next following the mailing thereof, provided that the postal service is in normal operation during such time. Any facsimile notice shall be deemed to have been received on transmission if the date thereof is a Business Day and, if not, on the next Business Day following transmission. The mailing and facsimile address of the parties for the purpose hereof shall be as follows:

BNB FTC

BNB Finance & Trust Corporation
Independence Square, Bridgetown, Barbados
Attention: The General Manager
Facsimile:

BNB

Barbados National Bank Inc.
Independence Square, Bridgetown, Barbados
Attention: The General Manager
Facsimile:

The Borrower
Apes Hill Development SRL
Worthing Corporate Centre
Worthing, Christ Church, Barbados
Attention:
Facsimile:

The Project Sponsors
C.O. Williams Construction Limited
Lears, St. Michael, Barbados
Attention:
Facsimile:

Landmark Land Company Inc.
2817 Crain Highway,
Upper Marlboro,
Maryland 20774
Attention:
Facsimile:

Either party from time to time notify the other party, in accordance with the provisions hereof, of any change of its address which thereafter, until changed by like notice, shall be the address of such party for all purposes of this Agreement.

11.6 Governing Law

This Agreement and all certificates and other documents to be delivered to BNB FTC or BNB hereunder shall be construed and interpreted in accordance with the Laws of Barbados,

11.7 Priority of this Agreement

In the event of any conflict or inconsistency between any of the provisions in this Agreement and any of the provisions in the Security, as against the parties hereto the provisions in this Agreement shall prevail.

11.8 Survival

All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the Security and the obtaining of Advances, and all indemnities set forth herein shall survive the repayment of the Advances and the termination of this Agreement.

11.9 Severability

If at any time one or more provisions of this Agreement is or becomes invalid, illegal or unenforceable in any respect, such provision shall be deemed to be served from this Agreement to the extent of such invalidity, illegality or unenforceability, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not be in any way affected or impaired thereby.

11.10 Benefit of Agreement

This Agreement shall be binding upon and ensure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that the Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of BNB FTC or BNB.

11.11 Consent Not Unreasonably Withheld

In the event any consent or approval of BNB FTC or BNB is required for any purpose hereunder, BNB FTC and BNB agree that such consent or approval will not be unreasonably withheld or delayed.

11.12 Counterparts

This Agreement may be executed in one or more counterparts each of which shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

THE FIRST SCHEDULE HEREINBEFORE REFERRED TO

Part A

Conditions Precedent for the First Tranche

- (1) BNB FTC shall have received written evidence of “expressions of interest” over seventy-nine of the Lots. Such “expressions of interests” shall be subject to independent verification by BNB FTC.
- (2) BNB FTC shall have received a certified copy of the Application to the Chief Town Planner and the related Permission of the Chief Town Planner for the Project and the sale of the Lots.
- (3) The permission of the Exchange Control Authority of Barbados to make the Loan and to take the Security has been obtained by BNB FTC.
- (4) Equity in the amount of US\$4,000,000.00 shall have been injected either directly or indirectly by Landmark.
- (5) BNB FTC shall have received the required Notice of Borrowing.
- (6) There shall exist no Default or Event of Default on the date of the each Advance in respect of the First Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers’ Certificate to such effect.
- (7) All representations and warranties contained in Clause 8 hereto shall be true on and as of the date of each Advance in respect of the First Tranche with the same effect as if such representations and warranties had been made on and as of the date of each Advance in respect of the First Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers’ Certificate to such effect.
- (8) BNB FTC shall have received the documents relating to the Security which shall have been duly executed by the respective parties thereto and registered and filed as referred to in Clause 7.2 hereto.
- (9) The following documents, in form, substance and execution acceptable to BNB FTC shall have been delivered to BNB FTC, and where BNB FTC deems necessary, filed or registered:-
 - (i) a copy of each of the Project Contracts and Project Documents;
 - (ii) an Officers’ Certificate confirming that all building permits, special permits, licences, agreements, tax or other concessions or incentives (together hereinafter referred to as “the Permits”) required to be issued by the relevant governmental authority in respect of the Project and the Property and in respect of the construction of the Project in accordance with the Plans and Specifications have been obtained by the Borrower to the extent that they are required for the stage of the Project at the date of each Advance and are in full force and effect, together with copies of all such Permits;
 - (iii) the latest Project Budget;
 - (iv) a Project Manager’s Certificate stating that, in the opinion of the Project Manager, all development and building permits and agreements and other governmental approvals required in connection with the Project have been obtained or are obtainable;
 - (v) the Construction Schedule;
 - (vi) an independent clean environmental assessment report on the Project. This report should also confirm to the satisfaction of BNB FTC that the Borrower’s operations will be in compliance with local environmental laws.

- (10) The following documents in form, substance and execution acceptable to BNB FTC shall have been delivered to BNB FTC:-
- (i) duly certified copies of the constitution documents of the Borrower not inconsistent with the entering into and performance by the Borrower of all of the transactions contemplated herein, and of all corporate proceedings taken and required to be taken by the Borrower to authorise the execution and delivery of this Agreement and the documents relating to the Security to which the Borrower is a party and the entering into and performance of the transactions contemplated herein and therein;
 - (ii) duly certified copies of the charter documents and by-laws of, and all corporate action taken and required to be taken by, each person other than the Borrower to authorise the execution and delivery of documents
 - (iii) relating to the Security to which it is a party and the entering into and performance of the transactions contemplated therein;
 - (iv) certificates of incumbency of the Borrower and each of the persons referred to in the foregoing clause (ii) setting forth specimen signatures of the persons authorised to execute this Agreement, and the documents relating to the Security.
 - (v) such other documents relative to the Security and the transactions contemplated herein as BNB FTC may reasonably require.
- (11) BNB FTC shall have received and approved Plans and Specifications for the Project.
- (12) BNB FTC shall be provided with satisfactory evidence that the Borrower has sufficient capital resources to finance the Project Costs between Advances.
- (13) The Borrower shall obtain and deliver to BNB FTC certification from the Quantity Surveyor that the budget for the Project of US\$51,717,755.00 is sufficient to complete the Project.
- (14) Each Advance will be conditioned upon BNB FTC's usual construction disbursement process, including, but not limited to, receipt of contractor applications for payment, invoices, lien waivers, and on condition that no Event of Default exists under the Loan and at the time of such Advance and that the remaining balance of the Loan is sufficient to provide for completion of the Project, which shall be verified and confirmed by the Quantity Surveyor.
- (15) BNB FTC's designated representative shall have made a satisfactory inspection of the Project.
- (16) The Project Budget shall have been approved by BNB FTC.
- (17) BNB FTC shall have determined, in its reasonable opinion, that the financial, economic and political environment in Barbados is conducive to the success of the Project and the performance by the Borrower of its obligations under this Agreement, the Security, that the Project is viable and that there has been no Material Adverse Change in respect of the Borrower or the Project Sponsors.

Part B
Conditions Precedent for the Second Tranche

- (1) BNB FTC shall have received copies of signed agreements for sale and deposits in the amount of 10% of the sale proceeds for 45% of the Lots in Parcels I and J, such deposits to be held in accordance with Clause 6.3 hereof.

- (2) BNB FTC shall have appointed an independent firm of valuers to conduct valuations of the Lots and shall have received verification from such valuers that the value of each Lot is at least BDS\$8.00 per square foot.
- (3) BNB FTC shall have received a certified copy of the Application to the Chief Town Planner and the related Permission of the Chief Town Planner for the Project and the sale of the Lots.
- (4) BNB FTC shall have received and approved fully completed Plans and Specifications for the Project.
- (5) There shall exist no Default or Event of Default on the date of each Advance in respect of the Second Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.
- (6) All representations and warranties contained in Clause 8 hereto shall be true on and as of the date of each Advance with respect to the Second Tranche with the same effect as if such representations and warranties had been made on and as of the date of each Advance in respect of the Second Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.
- (7) BNB FTC's designated representative shall have made a satisfactory inspection of the Project.
- (8) BNB FTC shall have received the required Notice of Borrowing.

Part C
Conditions Precedent for the Third Tranche

- (1) The permission of the Exchange Control Authority of Barbados to make the Loan and to take the Security has been obtained by BNB FTC.
- (2) The permission of the Exchange Control Authority of Barbados for the purchase of the Shares has been obtained by the Borrower and copies of the said permission provided to BNB FTC.
- (3) The Borrower shall have amended the Memorandum of Association and Articles of Association of Godings Bay (BVI) Limited and of Cobblers (BVI) Limited and shall have provided to BNB FTC certified copies of the said amendments filed at the Corporate Registry in the British Virgin Islands and filed at the Corporate Registry in Barbados.
- (4) BNB FTC shall have received the documents relating to the Security which shall have been duly executed by the respective parties thereto and registered and filed as referred to in Clause 7.2 hereto.
- (5) There shall exist no Default or Event of Default on the date of the any Advance of the Third Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.
- (6) All representations and warranties contained in Clause 8 hereto shall be true on and as of the date of each Advance in respect of the Third Tranche with the same effect as if such representations and warranties had been made on and as of the date of each Advance in respect of the Third Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.

Part D
Conditions Precedent for the Fourth Tranche

- (1) The permission of the Exchange Control Authority of Barbados to advance the Fourth Tranche and to take the third Mortgage / Debenture described in Clause 7.1(k) as security has been obtained by BNB FTC.
- (2) BNB FTC shall have received the required Notice of Borrowing.
- (3) There shall exist no Default or Event of Default on the date of the each Advance in respect of the Fourth Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.
- (4) All representations and warranties contained in Clause 8 hereto shall be true on and as of the date of each Advance in respect of the Fourth Tranche with the same effect as if such representations and warranties had been made on and as of the date of each Advance in respect of the Fourth Tranche and, if required by BNB FTC, the Borrower shall have delivered to BNB FTC an Officers' Certificate to such effect.
- (5) BNB FTC shall have received the documents relating to the Security which shall have been duly executed by the respective parties thereto and registered and filed as referred to in Clause 7.2 hereto.
- (6) The following documents, in form, substance and execution acceptable to BNB FTC shall have been delivered to BNB FTC, and where BNB FTC deems necessary, filed or registered:-
 - (i) a copy of each of the Project Contracts and Project Documents or any amendments thereto pertaining to the development of Parcel B;
 - (ii) an Officers' Certificate confirming that all building permits, special permits, licences, agreements, tax or other concessions or incentives (together hereinafter referred to as "the Permits") required to be issued by the relevant governmental authority in respect of Parcel B of the Land and in respect of the construction of villas on Parcel B in accordance with the Plans and Specifications have been obtained by the Borrower to the extent that they are required for the stage of the Project at the date of each Advance and are in full force and effect, together with copies of all such Permits;
 - (iii) the latest Project Budget which includes the cost of the construction of villas on Parcel B;
 - (iv) a Project Manager's Certificate stating that, in the opinion of the Project Manager, all development and building permits and agreements and other governmental approvals required in connection with the development of Parcel B have been obtained or are obtainable;
 - (v) the Construction Schedule for the construction of villas on Parcel B.

- (7) The following documents in form, substance and execution acceptable to BNB FTC shall have been delivered to BNB FTC:-
- (i) duly certified copies of all corporate proceedings taken and required to be taken by the Borrower to authorise the execution and delivery of this Third Amended and Restated Loan Agreement and the documents relating to the Security to which the Borrower is a party and the entering into and performance of the transactions contemplated herein and therein;
 - (ii) duly certified copies of all corporate action taken and required to be taken by, each person other than the Borrower to authorise the execution and delivery of documents relating to the additional Security for the Fourth Tranche to which it is a party and the entering into and performance of the transactions contemplated therein;
 - (iii) certificates of incumbency of the Borrower and each of the persons referred to in the foregoing clause (ii) setting forth specimen signatures of the persons authorised to execute this Agreement, and the documents relating to the Security.
 - (iv) such other documents relative to the Security and the transactions contemplated herein as BNB FTC may reasonably require.
- (8) BNB FTC shall have received and approved any additional Plans and Specifications for the construction of villas on Parcel B.
- (9) BNB FTC shall be provided with satisfactory evidence that the Borrower has sufficient capital resources to finance the Project Costs between Advances.
- (10) The Borrower shall obtain and deliver to BNB FTC certification from the Quantity Surveyor that the budget for the Project of US\$60,717,755.00 is sufficient to complete the Project.
- (11) Each Advance will be conditioned upon BNB FTC's usual construction disbursement process, including, but not limited to, receipt of contractor applications for payment, invoices, lien waivers, and on condition that no Event of Default exists under the Loan and at the time of such Advance and that the remaining balance of the Loan is sufficient to provide for completion of the Project, which shall be verified and confirmed by the Quantity Surveyor.
- (12) BNB FTC's designated representative shall have made a satisfactory inspection of the Project.
- (13) The Project Budget shall have been approved by BNB FTC.
- (14) BNB FTC shall have determined, in its reasonable opinion, that the financial, economic and political environment in Barbados is conducive to the success of the Project and the performance by the Borrower of its obligations under this Agreement, the Security, that the Project is viable and that there has been no Material Adverse Change in respect of the Borrower or the Project Sponsors.

THE SECOND SCHEDULE HEREINBEFORE REFERRED TO
THE LAND

ALL THAT land (formerly part of the Apes Hill, The Spring, Gregg Farm and Waterhall plantations as same are presently constituted) situate in the districts of Apes Hill, The Spring, Gregg Farm and Waterhall in the parishes of Saint James and Saint Andrew in this Island containing by admeasurement 1,902,000 square metres inclusive of 6,614 square metres in Public Road (comprising approximately 74 hectares of the lands of Apes Hill Plantation approximately 69.1 hectares of the lands of The Spring Plantation approximately 19.2 hectares of the lands of Gregg Farm Plantation and approximately 27.9 hectares (formerly thought to be 28.4 hectares) of the lands of the Waterhall Dairy itself formerly part of Waterhall Plantation) as the same is delineated and shown on a plan made and certified on the 11th day of October, 2005 by Brian A. Hart, Land Surveyor and Abutting and Bounding on lands of Taitts Plantation on lands of Springhead Plantation on other lands of The Spring Plantation on other lands of Apes Hill Plantation on other lands of Gregg Farm Plantation on lands of Arch Royal Ltd. on certain lots namely Lot 1, Lot 2C, Lot 2B and on lands of Peter Tomlin (Lot 2A) all formerly part of the lands of Gregg Farm Plantation on a portion of the Public Road leading from Orange Hill to Gregg Farm on other lands of Gregg Farm Plantation on other portions of the aforesaid Public Road leading from Orange Hill to Gregg Farm on lands of Stephen Williams on a right of way (leading westerly to Waterhall and easterly and southerly to Orange Hill or to Gregg Farm a portion of which right of way leads to lands of Sir Charles Williams being Spring House) on lands of Sir Charles Williams being Spring House on other portions of the aforesaid Public Road leading from Orange Hill to Gregg Farm on other lands of Apes Hill Plantation on lands of Frederick Forde on other lands of Apes Hill Plantation on portions of the Public Road leading from Waterhall to Highway 2A in one direction and to Orange Hill in the other direction and on sundry owners of lots in St. Silas Heights Development Stage 2 or however else the same may abut and bound.

THE THIRD SCHEDULE HEREINBEFORE REFERRED TO
CONSTRUCTION CONTRACTS

- (1) Contract dated the 22nd day of December 2005 and made between Apes Hill Development SRL and C.O. Williams Construction Limited for management services.
- (2) Contract dated the 22nd day of December, 2005 and made between Apes Hill Development SRL and Landmark for management services.
- (3) Contract dated the _____ day of _____ and made between Apes Hill Development SRL and _____ for _____

THE FOURTH SCHEDULE HEREINBEFORE REFERRED TO
THE QUEEN STREET LAND

ALL THAT land situate at near Queen Street, Speightstown in the parish of Saint Peter in this Island formerly said to contain by admeasurement one rood thirty-two and nine-tenth perches or thereabouts but by recent survey made and certified the 27th day of May 2004 by Andrew R. Bannister, Land Surveyor, found to contain 1,557.6 square metres abutting and bounding on lands of Godings Bay (Cayman) Limited on the sea on a public drain and on the public road known as Queen Street which leads in one direction to Speightstown By-Pass Road or however else the same may abut and bound.

THE FIFTH SCHEDULE HEREINBEFORE REFERRED TO
THE OTHER QUEEN STREET LANDS

FIRSTLY ALL THAT land situate at Queen St. in St. Peter containing by admeasurement 4,366 sq. ft. or thereabouts Abutting and Bounding on the sea on a road three feet wide on lands formerly of A. L. Edwards and then of the vendor and being the parcel of land thirdly herein described on lands formerly of Cleveland Griffith and then of the vendor being the parcel of land secondly herein described or however else the same may abut and bound

SECONDLY ALL THAT land situate at Queen St. aforesaid containing by admeasurement 4,552 sq. ft. or thereabouts Abutting and Bounding on the sea on lands formerly of Hutson A. Williams and then of the vendor being the parcel of land firstly hereinbefore described and on the said parcel thirdly herein described and on lands formerly of Iris Griffith but now of the vendor or however else the same may abut and bound

THIRDLY ALL THAT land situate at Queen St. aforesaid containing by admeasurement 4,535 sq. ft. Abutting and Bounding on the parcels firstly and secondly herein described on the said road three feet wide on lands formerly of the said Hutson A. Williams but now of the purchaser and on lands formerly of Iris Jemmott but now of the vendor or however else the same may abut and bound and

FOURTHLY ALL THAT certain piece or parcel of land situate at Queen's St., Speightstown, St. Peter formerly said to contain by admeasurement 6,940 sq. ft. but found by survey made on Nov. 14, 1968 by D.A.P. Trotman, Land Surveyor, to contain by admeasurement 5,975 sq. ft. or thereabouts (containing a right of way six feet wide and containing 513 sq. ft. of land) Abutting and Bounding on the south on lands now or late of Iris and Beryl Jemmott on the West on lands now late of Cleveland Griffith and on a road three feet wide and on the North on lands now or late of Jane Hinds and on the East on the public road or however else the same may abut and bound Together with the buildings thereon.

FIFTHLY ALL THAT certain piece or parcel of land (formerly part of a larger area of 2 roods 27 ¼ perches) situate at Queen St., Speightstown, St. Peter containing by admeasurement 13,852 square feet or thereabouts Abutting and Bounding on lands now or late of A.L. Edwards on lands of the Estate of Iris Owen Skeete Jemmott deceased being the remainder of the said larger area on lands now or late of H.A. Williams and on the sea or however else the same may abut and bound and

SIXTHLY ALL THAT certain piece or parcel of land (formerly part of a larger area of 2 roods 27 ¼ perches) situate at Queen St., Speightstown, St. Peter containing by admeasurement 13,804 sq. feet or thereabouts abutting and bounding on lands now or late of on Williams on other lands of the Grantor agreed to be sold to James K. Morris being the remainder of the said larger area on lands now or late of one Edwards and on the public road called Queen St. or however else the same may abut and bound together with the buildings thereon.

THE COMMON SEAL of **APES HILL DEVELOPMENT SRL** was)
hereto affixed by order of the Board in the presence of :-)
)

)Manager
)
)

Witness:
Name: /S/AUTHORIZED SIGNATORY
Abode:
Calling or description:

THE COMMON SEAL of **C.O. WILLIAMS CONSTRUCTION**)
LIMITED was hereto affixed by order of the Board in the presence)
of :-)

) Director
)
)

Witness:
Name: /S/ AUTHORIZED SIGNATORY
Abode:
Calling or description:

THE COMMON SEAL of **LANDMARK LAND COMPANY INC.**)
was hereto affixed by order of the Board in the presence of :-)
)

) Director
)
)

Witness:
Name: /S/ AUTHORIZED SIGNATORY
Abode:
Calling or description:

THE COMMON SEAL of **BNB FINANCE & TRUST**)
CORPORATION was hereto affixed and affixed by Winston)
Rudolph Beckles the Secretary thereof by Order of the Board of)
Directors in the presence of:-)
)

Directors

)
)
)

Witness:
Name: /S/ AUTHORIZED SIGNATORY
Abode:
Calling or description:

THE COMMON SEAL of **BARBADOS NATIONAL BANK INC.**)
was hereto affixed and affixed by Winston Rudolph Beckles the)
Secretary thereof by Order of the Board of Directors in the)
presence of:-)
)

Directors

)
)
)

Witness:
Name: /S/ AUTHORIZED SIGNATORY
Abode:
Calling or description:

**AMENDMENT TO LOAN AGREEMENT
BETWEEN SOUTH PADRE ISLAND DEVELOPMENT, L.L.C.
FORMERLY KNOWN AS SOUTH PADRE ISLAND DEVELOPMENT, L.P. AND
COMPASS BANK, FORMERLY KNOWN AS TEXAS STATE BANK**

This Amendment to Loan Agreement between **South Padre Island Development, L.L.C., formerly known as South Padre Island Development, L.P. ("SPID")** and **Compass Bank, formerly known as Texas State Bank ("Compass")** is entered into effective May 1, 2009.

WHEREAS, on or about September 1, 2005, SPID and Texas State Bank now known as Compass Bank, entered into a Loan Agreement for the purpose of a real estate note to SPID in the amount of Four Million and No/100ths Dollars (\$4,000,000.00); and

WHEREAS, on or about May 1, 2008, SPID and Compass entered into an extension of the real estate note and lien which at that time had an outstanding balance of Two Million Eight Hundred Twenty Three Thousand Two Hundred Fifty Six and 00/100ths Dollars (\$2,823,256.00); and

WHEREAS, on or about July 1, 2008, SPID and Compass entered into an extension of the real estate note and lien which at that time had an outstanding balance of Two Million Eight Hundred Twenty Three Thousand Two Hundred Fifty Six and 00/100ths Dollars (\$2,823,256.00); and

WHEREAS, on or about May 1, 2009, the SPID real estate note had an outstanding balance of \$1,579,729.92; and

WHEREAS, SPID has requested and Compass has agreed to an additional extension of said real estate note and lien to be effective as of May 1, 2009 and the parties desire to amend the original Loan Agreement dated September 1, 2005, to reflect the various changes being made in the current Extension of Real Estate Note and Lien;

NOW, THEREFORE, in consideration of the mutual promises, covenants and warranties set forth herein, SPID and Compass agree to modify the Loan Agreement as follows:

1. The introductory paragraph originally identifying Bank as Texas State Bank, Harlingen, Texas, is hereby modified to refer to Bank as *Compass Bank*;
2. Article I Definitions and Factual Background, Section 1.02 "Definitions" is changed to reflect the definition of "Bank" as Compass Bank with principal offices located at 115 East Van Buren, Harlingen, Texas 78550, and its successors in interest.
3. Article II The Loan, Section 2.02 "Repayment of Loan" shall be modified to provide:
The unpaid principal and interest shall be payable as follows:

PRINCIPAL AND INTEREST SHALL BE DUE ON OR BEFORE MAY 1, 2010. INTEREST ACCRUING ON THE UNPAID PRINCIPAL BALANCE SHALL BE DUE AND PAYABLE MONTHLY BEGINNING JUNE 1, 2009, AND CONTINUING ON THE SAME DAY OF EACH CONSECUTIVE MONTH.

4. Article II The Loan, Section 2.03 "Interest Rate" shall be modified to provide:

The variable rate of Wall Street Journal Prime Interest Rate (WSJ) with a Floor Rate of Six percent (6.00%) and a Ceiling Rate of Eight percent (8%) percentum per annum from the date hereof and to accrue on a 360-day year until maturity.

All other terms and conditions set forth in the original Loan Agreement dated September 1, 2005, shall remain in full force and effect.

Accepted and agreed effective May 1, 2009.

**SOUTH PADRE ISLAND DEVELOPMENT, L.L.C.
FORMERLY KNOWN AS SOUTH PADRE
ISLAND DEVELOPMENT, L.P.**

By: /s/ JUSTIN L. AWTREY
Justin L. Awtrey, Vice-President

COMPASS BANK

By: /s/ Michael K. Lamon
Michael K. Lamon,
Senior Vice President

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

EXTENSION OF REAL ESTATE NOTE AND LIEN

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CAMERON

That **SOUTH PADRE ISLAND DEVELOPMENT, L.L.C. FORMERLY KNOWN AS SOUTH PADRE ISLAND DEVELOPMENT, L.P.**, of CAMERON County, Texas, herein called the undersigned, being legally obligated to pay the hereinafter described promissory Note and who, if not presently primarily liable for the payment of said Note, does hereby expressly assume the payment thereof, said Note being in the original principal sum of **FOUR MILLION AND NO/100THS (\$4,000,000.00)** dated September 1, 2005, executed by SOUTH PADRE ISLAND DEVELOPMENT, L.P., payable to the order of TEXAS STATE BANK and secured by a Deed of Trust dated September 1, 2005, recorded in Document #00054391, Volume 11785, Pages 36, Official Records of Cameron County, Texas, said Note and Lien being extended by Extension of Real Estate Note and Lien dated May 1, 2008, recorded in Document #2008-00026320, Volume 15134, Page 134, of the Official Records of Cameron County, Texas; and Extension of Real Estate Note and Lien dated July 1, 2008, recorded in Document #2008-00035358, Volume 15295, Page 60, of the Official Records of Cameron County, Texas; said Note being secured by the liens therein created or mentioned against the following property, to-wit:

TRACT I:

Lots H43, H44, H45, H47, H56, H57, H60, H61, H62 of the Harbor Block 7 Subdivision, Town of Laguna Vista, Cameron County, Texas, according to the map or plat thereof recorded in Cabinet 1, Slot 2550-A, Map Records, Cameron County, Texas

TRACT II:

Lots H63, H64, H65, H66, H67, H68, H69, H70, H71, H72, H73, H74, B15, B16 and B17 of the Harbor Block 9 Subdivision, Town of Laguna Vista, Cameron County, Texas, according to the Map or Plat thereof recorded in Cabinet 1, Slot 2550-B, Map Records, Cameron County, Texas.

AND who now desires to extend or rearrange the time or manner of payment of said Note and to extend and carry forward said liens on said property, and

WHEREAS, **COMPASS BANK** (formerly known as Texas State Bank), the legal owner and holder of said note and of the liens securing the same, in consideration of the premises and at the request of the undersigned, has agreed to extend or rearrange the time or manner of payment of said note as hereinafter provided;

NOW, THEREFORE, in consideration of the extension or rearrangement of the time or manner of payment of said Note as hereinafter set forth by the legal owner and holder thereof, the undersigned hereby renews said Note and the indebtedness and promises to pay to the order of **COMPASS BANK**, at its office in the City of Harlingen, Cameron County, Texas, the sum of **ONE MILLION FIVE HUNDRED SEVENTY-NINE THOUSAND SEVEN HUNDRED TWENTY-NINE AND 92/100THS (\$1,579,729.92)**, or the unpaid balance of all payments advanced hereon from time to time (it being understood that this Note is intended as a revolving line of credit and the undersigned shall be entitled to continue to request additional advances on this Note up to a maximum of \$1,579,729.92 in the aggregate), together with interest thereon at the variable rate of **WALL STREET JOURNAL PRIME INTEREST RATE (WSJ) percentum per annum, provided, however, that the interest rate prior to maturity shall not at any time be less than a Floor Rate of Six Percent (6.00%) and not be higher than a Ceiling Rate of Eighteen percent (18%) percentum per annum from the date hereof and to accrue on a 360-day year until maturity.** Principal and interest shall be payable at **115 East Van Buren, Harlingen, Texas 78550**. The principal indebtedness and accrued interest thereon shall bear interest after maturity at the maximum rate allowed by law.

The term "Prime Interest Rate" as used in this Note means a per annum interest rate equal to the "Prime Rate" as published each day by the Wall Street Journal in its "Money Rates" section, and if more than one such rate is published, then the highest such rate on any day when the Wall Street Journal is not published or a prime rate is not published under the Money Rates section thereof, then the prime rate published for the preceding publication date of the Wall Street Journal shall apply. Should the method of establishing the prime interest rate, or the publication of such prime rate, cease or be abolished, then the prime interest rate used for the balance of the term of this note shall be that interest rate established, adopted or used by Holder as its prime or base interest rate. The applicable Note Rate shall be adjusted with each change in the Prime Rate and shall be effective until the effective date of the next change in the prime rate.

The unpaid principal and interest shall be payable as follows:

PRINCIPAL SHALL BE DUE ON OR BEFORE MAY 1, 2010. INTEREST ACCRUING ON THE UNPAID PRINCIPAL BALANCE SHALL BE DUE AND PAYABLE MONTHLY BEGINNING JUNE 1, 2009, AND CONTINUING ON THE SAME DAY OF EACH CONSECUTIVE MONTH.

THE REVOLVING LINE OF CREDIT AMOUNT IS BEING CAPPED AT \$1,579,729.92.

Notwithstanding the terms of extension of maturity set forth above, the obligation is and continues to be a "revolving credit promissory note" subject to the fluctuations up or down due to future disbursements of loan proceeds and/or future repayments thereof from time to time over the term of the indebtedness. Prior to maturity, obligor may borrow, repay and reborrow under the note and there is no limitation on the number of advances made under the note so long as the total unpaid principal amount at any time outstanding does not exceed **\$1,579,729.92**.

Note payments are payable on their due date (s), and, except as otherwise required by law and/or the loan documents, the holder hereof may, following default, exercise all rights and remedies available to it by law, contract and/or equity.

In addition to any other rights and remedies available to the holder hereof, on and after the date hereof, the undersigned further agrees, that at the option of the holder hereof, a one-time "late charge" may be collected by the holder hereof from the undersigned on each delinquent payment in an amount equal to five percent (5%) of the amount of any payment not made within ten (1) days of its due date. The "late charge" may be imposed without notice to the undersigned, and shall be immediately due and payable.

It is agreed that the "late charge" is not interest, but rather a reasonable amount paid to the holder hereof to compensate it for any additional administrative expenses and costs it incurs due to the undersigned's failure to make the note payment on its due date. Payments made subsequent to the incurrence of a "late charge" will be applied first to any due regularly scheduled payments in order of their due date and any remaining funds paid will be applied to any accrual late fees then in accordance with other terms of the note.

If a "late charge" is imposed by the holder hereof on a delinquent payment, the unpaid principal owing on the note will continue to accrue interest at the contract interest rate as provided in the note, and no interest will accrue on any delinquent interest associated with the delinquent payment.

If a "late charge" is not assessed by the holder hereof, the delinquent payment, at the option of the holder hereof, shall accrue interest at the default interest rate, as provided in the note, from the date the payment was due until it is paid. In the event a default rate is not specified in the note, then on and after the date hereof, the default rate, at the option of holder hereof, shall be the maximum rate per annum allowed by law.

From and after the maturity date and/or acceleration date of the note, all unpaid principal, together with accrued interest, shall bear interest at the default interest rate as provided in the note.

The undersigned hereby extends said liens and security interests on said property until said indebtedness and Note as so renewed and extended has been fully paid, and agrees that such extension or rearrangement shall in no manner affect or impair said Note or the liens and security interests securing the same and that said liens and security interest shall not in any manner be waived, which are acknowledged by the undersigned to be valid and subsisting, and the undersigned further agrees that all terms and provisions of said original Note and of the instrument or instruments creating or fixing the liens securing the same shall be and remain in full force and effect as therein written, except as otherwise expressly provided herein.

In consideration of the benefits received, the undersigned hereby waives, releases and terminates all claims, or right to claim whether known or unknown, that Compass Bank, or any predecessor as owner and holder of the Note, or any other party has charged, collected or received usurious interest under the Note or any other document relating to the Note, and hereby waives and releases any right or power to bring any claim based on any claim of usury.

In consideration of (i) the modification of certain provisions of the Note, as herein provided, and (ii) the other benefits received by the undersigned hereunder, the undersigned hereby RELEASES, RELINQUISHES and forever DISCHARGES Compass Bank, as well as its predecessors, successors, assigns, agents, officers, directors, employees and representatives, of any from any and all claims, demands, actions and causes of action of any and every kind or character, whether known or unknown, present or future, which the undersigned may have against Compass Bank, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, arising out of or with respect to any and all transactions relating to the Note or any other document relating to the Note, occurring prior to the date hereof, including any loss, cost of damage, or any kind or character, arising out of or in any way connected with or in any way resulting from the acts, actions or omissions of Compass Bank, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, including any breach of fiduciary duty, breach of duty, breach of any duty of fair dealing, breach of confidence, beach of funding commitment, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, violations of the Racketeer Influenced and Corrupt Organization Act, intentional or negligent infliction of mental distress, tortuous interference with contractual relations, tortuous interference and corporate governance or prospective business advantage, breach of contract, deceptive trade practices, liable, slander, conspiracy or any claim for wrongfully accelerating the Note or wrongfully attempting to foreclose on any collateral relating to the Note, but in each case only to the extent permitted by applicable law.

BALLOON NOTE WARNING

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE **MAY 1, 2010**. AT MATURITY, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE BANK IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR WILL HAVE TO FIND A LENDER, WHICH MAY BE THE BANK YOU HAVE THIS LOAN WITH, WILING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE BANK.

NOTICE

IN EXECUTING THIS EXTENSION OF REAL ESTATE NOTE AND LIEN THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT THIS EXTENSION OF REAL ESTATE NOTE AND LIEN SUPERSEDES ALL PRIOR WRITTEN AND ORAL CONTRACTS AND UNDERSTANDINGS RELATED TO THE NOTES AND THE RENEWAL AND EXTENSION OF PROMISSORY NOTE DESCRIBED HEREIN. THIS EXTENSION OF REAL ESTATE NOTE AND LIEN HEREWITH REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF UNDERSTANDINGS OF THE PARTIES, THE UNDERSIGNED ACKNOWLEDGES THAT NO UNWRITTEN ORAL AGREEMENTS EXIST BETWEEN THE PARTIES.

Effective this 1st day of May, 2009.

**SOUTH PADRE ISLAND DEVELOPMENT, LLC
FORMERLY KNOWN AS SOUTH PADRE ISLAND
DEVELOPMENT, L.P.**

COMPASS BANK

By: /s/ JUSTIN L. AWTREY

Justin L. Awtrey, Vice President

(Acknowledgment)

STATE OF TEXAS

COUNTY OF CAMERON

This instrument was acknowledged before me on the _____ day of June, 2009, by Justin L. Awtrey, as Vice-President on behalf of SOUTH PADRE ISLAND DEVELOPMENT, LLC, FORMERLY KNOWN AS SOUTH PADRE ISLAND DEVELOPMENT, L.P.

Notary Public, State of Texas

(Corporate Acknowledgment)

STATE OF TEXAS

COUNTY OF CAMERON

This instrument was acknowledged before me on the _____ day of June, 2009, by _____, as _____ on behalf of COMPASS BANK, A BANKING CORPORATION.

Notary Public, State of Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

EXTENSION OF REAL ESTATE NOTE AND LIEN

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CAMERON

That **SOUTH PADRE ISLAND DEVELOPMENT, L.L.C. FORMERLY KNOWN AS SOUTH PADRE ISLAND DEVELOPMENT, L.P.** of CAMERON County, Texas, herein called the undersigned, being legally obligated to pay the hereinafter described promissory Note and who, if not presently primarily liable for the payment of said Note, does hereby expressly assume the payment thereof, said Note being in the original principal sum of **ONE MILLION FIVE HUNDRED SEVEN THOUSAND DOLLARS AND NO/100THS (\$1,507,000.00)** dated December 19, 2003, executed by SOUTH PADRE ISLAND DEVELOPMENT, L.P., payable to the order of TEXAS STATE BANK and secured by a Deed of Trust dated December 19, 2003, recorded in Document #00070131, Volume 9730, Page 70, in the Official Records of Cameron County, Texas, said Note and Lien being extended by Extension of Real Estate Note and Lien effective May 1, 2008, recorded in Document #2008-00026322, Volume 15134, Page 146, of the Official Records of Cameron County, Texas; and Extension of Real Estate Note and Lien effective July 1, 2008, recorded in Document #_____, Volume _____, Page _____, of the Official Records of Cameron County, Texas; said Note being secured by the liens therein created or mentioned against the following property, to-wit:

Lots H45, H47, H56, H-57, H60, H61 and H62, The Harbor Block 7 Subdivision, a Subdivision in the Town of Laguna Vista, Cameron County, Texas, according to the map or plat thereof recorded in Cabinet 1, Slot 2550-A, Map Records of Cameron County, Texas; reference to which is here made for all purposes.

Lots H63, H64, H65, H66, H67, H68, H69, H70, H71, H72, H73, H74, B15, B16 and B17, The Harbor Block 9 Subdivision, a Subdivision in the Town of Laguna Vista, Cameron County, Texas, according to the map or plat thereof recorded in Cabinet 1, Slot 2550-B, Map Records of Cameron County, Texas; reference to which is here made for all purposes.

The above mentioned lots were re-subdivided out of the following tracts:

Tract I:

Lots One (1) and Two (2), Block Six (6), and all of Block Seven (7), South Padre Island Golf Community Parcel 7 Subdivision, a Subdivision in the Town of Laguna Vista, Cameron County, Texas, according to the map or plat thereof recorded in Cabinet 1, Slot 2233-A & B, of the Map Records of Cameron County, Texas.

Tract II:

Being a 0.365 acre tract of land out of the existing Roadway Easement out of South Padre Island Golf Community Parcel 7, recorded in Cabinet 1, Slot 2233-A and 2233-B, Map Records of Cameron County, Texas; and said 0.365 acre tract of land being more particularly described as follows:

COMMENCING at the South corner of Lot 2, Block 6 of said South Padre Island Golf Community Parcel 7, and being the North boundary of Block 7 of said South Padre Island Golf Community Parcel 7, for a corner and POINT OF BEGINNING of the tract herein described:

THENCE leaving the South corner of Lot 2, Block 6 along the North boundary of Block 7 of said South Padre Island Golf Community Parcel 7, South 54 degrees 36 minutes 33 seconds West a distance of 48.97 feet to the West corner of said Block 7, being on the North Right of Way line of F.M. 510 (having 100.0 feet of Right of Way), said point being on a curve to the left, for a corner of the tract herein described;

THENCE, along the North right of Way Line of said F.M. 510 and along said curve to the left, with a radial bearing of South 54 degrees 37 minutes 14 seconds West, a radius of 2343.36 feet, with a delta angle of 6 degrees 41 minutes 57 seconds, an arc length of 273.99 feet (Chord: North 38 degrees 43 minutes 44 seconds West, 273.84 feet), to a point on the North Right of Way of said F.M. 510, for a corner of the tract herein described;

THENCE leaving the North Right of Way Line of said F.M. 510, North 47 degrees 55 minutes 17 seconds East a distance of 61.95 feet to a point on the West boundary of a 10.00 foot Utility Easement as shown on the recorded plat of South Padre Island golf Community Parcel 7, for a corner of the tract herein described;

THENCE along the West boundary of said 10.00 foot Utility Easement, South 82 degrees 38 minutes 38 seconds East a distance of 110.44 feet to a point on the North boundary of Lot 1, Block 6, of said South Padre Island Golf Community Parcel 7, for a corner of the tract herein described;

THENCE along the North boundary of Lot 1, Block 6 of said South Padre Island golf Community Parcel 7, South 54 degrees 47 minutes 49 seconds West a distance of 58.18 feet to a point being the Northwest corner of Lot 1, Block 6 of said South Padre Island Golf Community Parcel 7 and being on a curve to the right, for a corner of the tract herein described;

THENCE along said curve to the right along the West boundary of Lot 1, Block 6 of said South Padre Island Golf Community Parcel 7, with a radial bearing of North 69 degrees 41 minutes 37 seconds East, a radius of 146.86 feet, with a delta angle of 18 degrees 16 minutes 49 seconds, an arc length of 46.86 feet (Chord: South 29 degrees 26 minutes 47 seconds East, 46.66 feet) to the point of curvature of a curve to the left, for an angle point of the tract herein described;

THENCE continuing along the West boundary of Lot 1, Block 6 of said South Padre Island Golf Community Parcel 7, and along said curve to the left, with a radial bearing of South 50 degrees 50 minutes 40 seconds West, a radius of 2392.37 feet, with a delta angle of 3 degrees 45 minutes 53 seconds, at an arc length of 30.36 feet, passing the common corner of Lot 1 and Lot 2, Block 6 of said South Padre Island Golf Community Parcel 7, for a total arc length of 157.18 feet, to the POINT OF BEGINNING, containing 0.365 acres of land, more or less.

AND who now desires to extend or rearrange the time or manner of payment of said Note and to extend and carry forward said liens on said property, and

WHEREAS, **COMPASS BANK** (formerly known as Texas State Bank), the legal owner and holder of said note and of the liens securing the same, in consideration of the premises and at the request of the undersigned, has agreed to extend or rearrange the time or manner of payment of said note as hereinafter provided;

NOW, THEREFORE, in consideration of the extension or rearrangement of the time or manner of payment of said Note as hereinafter set forth by the legal owner and holder thereof, the undersigned hereby renews said Note and the indebtedness and promises to pay to the order of **COMPASS BANK**, at its office in the City of Harlingen, Cameron County, Texas, the sum of **FOUR HUNDRED FIFTY-THREE THOUSAND THREE HUNDRED AND 79/100THS DOLLARS (\$453,300.79)**, being the present unpaid balance of said Note, together with interest thereon at the variable rate of **WALL STREET JOURNAL PRIME INTEREST RATE (WSJ) percentum per annum, provided, however, that the interest rate prior to maturity shall not at any time be less than a Floor Rate of Six Percent (6.00%) and not be higher than a Ceiling Rate of Eighteen percent (18%) percentum per annum from the date hereof and to accrue on a 360-day year until maturity.** Principal and interest shall be payable at **115 East Van Buren, Harlingen, Texas 78550**. The principal indebtedness and accrued interest thereon shall bear interest after maturity at the maximum rate allowed by law.

The term "Prime Interest Rate" as used in this Note means a per annum interest rate equal to the "Prime Rate" as published each day by the Wall Street Journal in its "Money Rates" section, and if more than one such rate is published, then the highest such rate on any day when the Wall Street Journal is not published or a prime rate is not published under the Money Rates section thereof, then the prime rate published for the preceding publication date of the Wall Street Journal shall apply. Should the method of establishing the prime interest rate, or the publication of such prime rate, cease or be abolished, then the prime interest rate used for the balance of the term of this note shall be that interest rate established, adopted or used by Holder as its prime or base interest rate. The applicable Note Rate shall be adjusted with each change in the Prime Rate and shall be effective until the effective date of the next change in the prime rate. **Both principal and interest are payable at 115 East Van Buren, Harlingen, Cameron County, Texas 78550.** The principal indebtedness and accrued interest thereon shall bear interest after maturity at the maximum rate allowed by law.

The unpaid principal and interest shall be payable as follows:

PRINCIPAL SHALL BE DUE ON OR BEFORE MAY 1, 2010. INTEREST ACCRUING ON THE UNPAID PRINCIPAL BALANCE SHALL BE DUE AND PAYABLE MONTHLY BEGINNING JUNE 1, 2009, AND CONTINUING ON THE SAME DAY OF EACH CONSECUTIVE MONTH.

Note payments are payable on their due date (s), and, except as otherwise required by law and/or the loan documents, the holder hereof may, following default, exercise all rights and remedies available to it by law, contract and/or equity.

In addition to any other rights and remedies available to the holder hereof, on and after the date hereof, the undersigned further agrees, that at the option of the holder hereof, a one-time "late charge" may be collected by the holder hereof from the undersigned on each delinquent payment in an amount equal to five percent (5%) of the amount of any payment not made within ten (10) days of its due date. The "late charge" may be imposed without notice to the undersigned, and shall be immediately due and payable.

It is agreed that the "late charge" is not interest, but rather a reasonable amount paid to the holder hereof to compensate it for any additional administrative expenses and costs it incurs due to the undersigned's failure to make the note payment on its due date. Payments made subsequent to the incurrence of a "late charge" will be applied first to any due regularly scheduled payments in order of their due date and any remaining funds paid will be applied to any accrual late fees then in accordance with other terms of the note.

If a "late charge" is imposed by the holder hereof on a delinquent payment, the unpaid principal owing on the note will continue to accrue interest at the contract interest rate as provided in the note, and no interest will accrue on any delinquent interest associated with the delinquent payment.

If a "late charge" is not assessed by the holder hereof, the delinquent payment, at the option of the holder hereof, shall accrue interest at the default interest rate, as provided in the note, from the date the payment was due until it is paid. In the event a default rate is not specified in the note, then on and after the date hereof, the default rate, at the option of holder hereof, shall be the maximum rate per annum allowed by law.

From and after the maturity date and/or acceleration date of the note, all unpaid principal, together with accrued interest, shall bear interest at the default interest rate as provided in the note.

The undersigned hereby extends said liens and security interests on said property until said indebtedness and Note as so renewed and extended has been fully paid, and agrees that such extension or rearrangement shall in no manner affect or impair said Note or the liens and security interests securing the same and that said liens and security interest shall not in any manner be waived, which are acknowledged by the undersigned to be valid and subsisting, and the undersigned further agrees that all terms and provisions of said original Note and of the instrument or instruments creating or fixing the liens securing the same shall be and remain in full force and effect as therein written, except as otherwise expressly provided herein.

In consideration of the benefits received, the undersigned hereby waives, releases and terminates all claims, or right to claim whether known or unknown, that Compass Bank, or any predecessor as owner and holder of the Note, or any other party has charged, collected or received usurious interest under the Note or any other document relating to the Note, and hereby waives and releases any right or power to bring any claim based on any claim of usury.

In consideration of (i) the modification of certain provisions of the Note, as herein provided, and (ii) the other benefits received by the undersigned hereunder, the undersigned hereby RELEASES, RELINQUISHES and forever DISCHARGES Compass Bank, as well as its predecessors, successors, assigns, agents, officers, directors, employees and representatives, of any from any and all claims, demands, actions and causes of action of any and every kind or character, whether known or unknown, present or future, which the undersigned may have against Compass Bank, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, arising out of or with respect to any and all transactions relating to the Note or any other document relating to the Note, occurring prior to the date hereof, including any loss, cost of damage, or any kind or character, arising out of or in any way connected with or in any way resulting from the acts, actions or omissions of Compass Bank, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, including any breach of fiduciary duty, breach of duty, breach of any duty of fair dealing, breach of confidence, beach of funding commitment, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, violations of the Racketeer Influenced and Corrupt Organization Act, intentional or negligent infliction of mental distress, tortuous interference with contractual relations, tortuous interference and corporate governance or prospective business advantage, breach of contract, deceptive trade practices, liable, slander, conspiracy or any claim for wrongfully accelerating the Note or wrongfully attempting to foreclose on any collateral relating to the Note, but in each case only to the extent permitted by applicable law.

BALLOON NOTE WARNING

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE **MAY 1, 2010**. AT MATURITY, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE BANK IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR WILL HAVE TO FIND A LENDER, WHICH MAY BE THE BANK YOU HAVE THIS LOAN WITH, WILING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE BANK.

NOTICE

IN EXECUTING THIS EXTENSION OF REAL ESTATE NOTE AND LIEN THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT THIS EXTENSION OF REAL ESTATE NOTE AND LIEN SUPERSEDES ALL PRIOR WRITTEN AND ORAL CONTRACTS AND UNDERSTANDINGS RELATED TO THE NOTES AND THE RENEWAL AND EXTENSION OF PROMISSORY NOTE DESCRIBED HEREIN. THIS EXTENSION OF REAL ESTATE NOTE AND LIEN HEREWITH REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF UNDERSTANDINGS OF THE PARTIES, THE UNDERSIGNED ACKNOWLEDGES THAT NO UNWRITTEN ORAL AGREEMENTS EXIST BETWEEN THE PARTIES.

Effective this 1st day of May, 2009.

**SOUTH PADRE ISLAND DEVELOPMENT, LLC
FORMERLY KNOWN AS SOUTH PADRE ISLAND
DEVELOPMENT, L.P.**

COMPASS BANK

By: /s/ JUSTIN L. AWTREY
Justin L. Awtrey, Vice President

(Corporate Acknowledgment)

STATE OF TEXAS

COUNTY OF CAMERON

This instrument was acknowledged before me on the _____ day of June, 2009, by Justin L. Awtrey, as Vice-President on behalf of SOUTH PADRE ISLAND DEVELOPMENT, LLC, FORMERLY KNOWN AS SOUTH PADRE ISLAND DEVELOPMENT, L.P.

Notary Public, State of Texas

(Corporate Acknowledgment)

STATE OF TEXAS

COUNTY OF CAMERON

This instrument was acknowledged before me on the _____ day of June, 2009, by _____, as _____ on behalf of COMPASS BANK, A BANKING CORPORATION.

Notary Public, State of Texas

PROMISSORY NOTE

\$400,000.00

March 30, 2009

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

PROMISSORY NOTE

\$200,000.00

February 26, 2009

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

PROMISSORY NOTE

\$200,000.00

February 17, 2009

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

PROMISSORY NOTE

\$200,000.00

February 3, 2009

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

PROMISSORY NOTE

\$200,000.00

December 12, 2008

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

REAL ESTATE LIEN NOTE

Amount: \$4,500,000.00

Date: August 29, 2007

For value received, the receipt and sufficiency of which is hereby acknowledged, the undersigned, jointly and severally, (hereinafter "Borrower", whether one or more) promise to pay to the order of INTERNATIONAL BANK OF COMMERCE (hereinafter "Lender"), at 1600 FM Road 802, Brownsville, Cameron County, Texas 78520, the sum of **FOUR MILLION FIVE HUNDRED THOUSAND AND NO/100 Dollars (\$4,500,000.00)**, in legal and lawful money of the United States of America, with interest as it accrues on the outstanding principal balance from date of advance of such principal until paid.

____ The interest rate shall be _____ percent per annum; or

XX The interest rate shall be floating at Zero (0.00%) percent per annum about the JP Morgan Chase & Co., New York ("Prime Rate") (described below) as it fluctuates from time to time; provided, however, that in no event shall the rate of interest (plus said amount in excess thereof, if any) to be paid on the unpaid principal of this Note be less than Six percent (6.0%) per annum, nor more than the maximum legal rate allowed by applicable law. This starting interest rate on the Note shall be Eight and One-Quarter (8.25%) percent per annum. The rate of interest due hereunder shall be recomputed as of the date of any change in the Prime Rate.

____ The INTERNATIONAL BANK OF COMMERCE PRIME RATE shall mean the annual lending rate of interest announced from time to time by Lender as its prime rate.

XX The NEW YORK PRIME RATE shall mean the annual lending rate of interest announced from time to time by JP Morgan Chase & Co., New York, New York, as its prime rate. If the New York Prime Rate has been selected as the Prime Rate and if, thereafter, a prime rate is not announced by JP Morgan Chase & Co., New York, New York, then the International Bank of Commerce Prime Rate, minus one percent (1%) shall be the Prime Rate.

Use of either of said Prime Rate is not to be construed as a warranty or representation that such rates are more favorable than another rate or index, that rates on other loans or credit facilities may not be based on other indices or that rates on loans to others may not be made below either of such Prime Rates. At Lender's sole discretion, any interest rate increase will take the form of higher periodic payments, a greater balloon payment (if applicable), and/or an increase in the number of periodic payments.

The interest is calculated on a 360-day factor applied on a 365-day year, or a 366-day year, in the event that the year is a leap year, on the unpaid principal to the date of such installment paid. Provided, however, that in the event the interest rate reaches the maximum rate allowed by applicable law, said maximum legal rate shall be computed on a full calendar year 365/365 days basis or on a 366/366 days basis, in the event that the year is a leap year. The interest charged and herein contracted for will not exceed the maximum allowed by law or 18%, whichever is lower.

To the extent allowed by law, all matured unpaid amounts will bear interest computed on a full calendar year 365/365 days basis or on a 366/366 days basis, in the event that the year is a leap year, at the highest legal rate of interest allowed by Texas law, unless Federal law allows a higher interest rate, in which case, Borrower agrees to pay the rate allowed by Federal law or 18%, whichever is lower. If applicable law does not set a maximum rate of interest for matured unpaid amounts, then Borrower agrees that the maximum rate for such amounts shall be eighteen percent (18%) per annum.

To the extent allowed by law, as the late payment charge under this Agreement, Bank may in its sole discretion (i) increase the interest on the principal portion of any payment amount that is not received by the payment due date to the maximum rate allowed by law, computed on a full calendar year basis from the payment due date until paid, or (ii) should any payment not be made within ten (10) days of the due date, require Borrower to pay a one time "late charge" per late payment equal to five percent (5%) of the amount of the past due principal and interest of such payment, with a minimum of \$10.00 and a maximum of \$1,500.00 per late payment. The "late charge" may be assessed without notice, and shall be immediately due and payable. This provision is inapplicable if the outstanding indebtedness under the Note is accelerated. No late charge will be assessed on any payment when the only delinquency is due to late charges assessed on earlier payment and the payment is otherwise a full payment.

Notwithstanding anything contained herein to the contrary, if the Loan is subject to the provisions of 24 Code of Federal Regulations Part 201 (Title 1 Property Improvement and Manufactured Home Loans), then the following late charge provisions shall be applicable to the exclusion of any other late charge and/or default interest provisions in any instrument relating to any past due installment of principal and/or interest due under the Note. Borrower agrees to pay to Lender a late charge for installments of principal and interest which are in arrears for fifteen (15) calendar days or more. The late charge shall be in an amount equal to the lesser of (a) five percent (5%) of each late installment of principal and interest, up to a maximum of \$10.00 per installment for any property improvement loan and \$15.00 per installment for any manufactured home loan, or (b) the maximum amount permitted by applicable Federal or State Law. The sum of such late charges plus the interest charged under the Note and other charges deemed interest by law, shall be limited to the maximum non-usurious amount permitted by applicable Federal or State Law. This provision is inapplicable if the outstanding indebtedness under the Note is accelerated or otherwise demanded in full.

The outstanding and unpaid principal of this Note and all accrued interest are payable as follows:

Number of Payments	Frequency	Amount of Payments	When Payments are Due
SEE ATTACHED ADDENDUM TO REAL ESTATE LIEN NOTE			

Final Maturity Date: August 29, 2009

Any outstanding and unpaid principal, all accrued and unpaid interest, and all fees, accrued and unpaid late charges and/or other charges incurred by, or on behalf of, Borrower, which remain due and owing on the Final Maturity Date are due and payable on such date.

All payments shall be made to Lender at 1600 FM Road 802, Brownsville, Cameron County, Texas 78520.

Each payment shall be applied as of its scheduled due date and in the order of application as the Lender in its sole discretion may from time to time elect.

The failure of Borrower to pay any of the amounts due hereunder when the same is due and payable shall permit Lender at its option, after the expiration of any applicable grace period, to accelerate the maturity, without notice to Borrower, of all, or any portion, of the remaining unpaid principal balance outstanding and all accrued and unpaid interest and all accrued and unpaid late charges of this Note, whereupon the same shall be due and payable immediately.

Lender, at its discretion, may declare all sums owing by Borrower (including endorsers and/or guarantors) immediately due and payable upon deeming itself to be adversely affected and/or insecure by reason of any material change in any of Borrower's (including any endorsers and/or guarantors) net worth, or by reason of any other adverse material change in the financial condition whether or not described herein.

BORROWER AND LENDER INTEND THAT THE LOAN EVIDENCED BY THIS NOTE (THE "LOAN") SHALL BE IN STRICT COMPLIANCE WITH APPLICABLE USURY LAWS. IF AT ANY TIME ANY INTEREST CONTRACTED FOR, CHARGED OR RECEIVED UNDER THIS NOTE OR OTHERWISE IN CONNECTION WITH THE LOAN WOULD BE USURIOUS UNDER APPLICABLE LAW, THEN REGARDLESS OF THE PROVISION OF THIS NOTE OR THE DOCUMENTS AND INSTRUMENTS EVIDENCING, SECURING OR OTHERWISE EXECUTED IN CONNECTION WITH THE LOAN OR ANY ACTION OR EVENT (INCLUDING, WITHOUT LIMITATION, PREPAYMENT OF PRINCIPAL HEREUNDER OR ACCELERATION OF MATURITY BY THE LENDER) WHICH MAY OCCUR WITH RESPECT TO THIS NOTE OR THE LOAN, IT IS AGREED THAT ALL SUMS DETERMINED TO BE USURIOUS SHALL BE IMMEDIATELY CREDITED BY THE LENDER AS A PAYMENT OF PRINCIPAL HEREUNDER, OR IF THIS NOTE HAS ALREADY BEEN PAID, IMMEDIATELY REFUNDED TO THE BORROWER. ALL COMPENSATION WHICH CONSTITUTES INTEREST UNDER APPLICABLE LAW IN CONNECTION WITH THE LOAN SHALL BE AMORTIZED, PRORATED, ALLOCATED AND SPREAD OVER THE FULL PERIOD OF TIME ANY INDEBTEDNESS IS OWING BY BORROWER, TO THE GREATEST EXTENT PERMISSIBLE WITHOUT EXCEEDING THE APPLICABLE MAXIMUM RATE ALLOWED BY APPLICABLE LAW IN EFFECT FROM TIME TO TIME DURING SUCH PERIOD.

In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving loan accounts and revolving tri-party accounts) apply to the Loan.

IN THE EVENT ANY ITEM, ITEMS, TERMS OR PROVISIONS CONTAINED IN THIS INSTRUMENT ARE IN CONFLICT WITH THE LAWS OF THE STATE OF TEXAS OR FEDERAL LAW, THIS INSTRUMENT SHALL BE AFFECTED ONLY AS TO ITS APPLICATION TO SUCH ITEM, ITEMS, TERMS OR PROVISIONS, AND SHALL IN ALL OTHER RESPECTS REMAIN IN FULL FORCE AND EFFECT. IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT AND UPON NO CONTINGENCY SHALL THE BORROWER OR ANY PARTY LIABLE THEREON, OR HEREOF, BE REQUIRED TO PAY INTEREST IN EXCESS OF THE RATE ALLOWED BY THE LAWS OF THE STATE OF TEXAS OR FEDERAL LAW, IF SUCH LAW PERMITS A GREATER RATE OF INTEREST, THE INTENTION OF THE PARTIES BEING TO CONFORM STRICTLY TO THE USURY LAWS AS NOW OR HEREINAFTER CONSTRUED BY THE COURTS HAVING JURISDICTION.

THE BORROWER, ENDORSERS, SURETIES, GUARANTORS AND ALL PERSONS TO BECOME LIABLE ON THIS NOTE (THE "OBLIGORS") HEREBY, JOINTLY AND SEVERALLY, WAIVE EXPRESSLY ALL NOTICES OF OVERDUE INSTALLMENT PAYMENTS, AND DEMANDS FOR PAYMENT THEREOF, NOTICES OF INTENTION TO ACCELERATE MATURITY, NOTICES OF ACTUAL ACCELERATION OF MATURITY, PRESENTMENT, DEMAND FOR PAYMENT, NOTICES OF DISHONOR, PROTEST, NOTICES OF PROTEST, AND DILIGENCE IN COLLECTION HEREOF. EACH OBLIGOR CONSENTS THAT THE LENDER OR OTHER HOLDER OF THIS NOTE MAY AT ANY TIME, AND FROM TIME TO TIME, UPON REQUEST OF OR BY AGREEMENT WITH ANY OF THEM, RENEW THIS NOTE AND/OR EXTEND THE DATE OF MATURITY HEREOF OR CHANGE THE TIME OR METHOD OF PAYMENTS WITHOUT NOTICE TO ANY OF THE OTHER OBLIGORS, MAKERS, SURETIES OR ENDORSERS, WHO SHALL REMAIN BOUND FOR THE PAYMENT HEREOF. OBLIGORS WAIVE EXPRESSLY THE LATE FILING OR ANY SUIT OR CAUSE OF ACTION HEREON, OR ANY DELAY IN THE HANDLING OF ANY COLLATERAL. OBLIGORS AGREE THAT HOLDER'S ACCEPTANCE OF PARTIAL OR DELINQUENT PAYMENTS OR FAILURE OF HOLDER TO EXERCISE ANY RIGHT OR REMEDY CONTAINED HEREIN OR IN ANY INSTRUMENT GIVEN AS SECURITY FOR THE PAYMENT OF THIS NOTE SHALL NOT BE A WAIVER OF ANY OBLIGATION OF THE OBLIGORS OR CONSTITUTE WAIVER OF ANY PRIOR OR SUBSEQUENT DEFAULT. THE HOLDER MAY REMEDY ANY DEFAULT WITHOUT WAIVING THE DEFAULT REMEDIED AND MAY WAIVE ANY DEFAULT WITHOUT WAIVING ANY OTHER PRIOR OR SUBSEQUENT DEFAULT.

To the extent allowed by law, as security for this Note, and all other indebtedness which may at any time be owing by Borrower (and any endorsers and/or guarantors hereof) to Lender or other Lender hereof, Borrower (and any endorsers and/or guarantors hereof) gives to Lender or other Holder hereof, a security interest, a lien and contractual right of set-off in and to all of the Borrower's (and any endorsers and/or guarantors hereof) money, credits, deposit accounts, accounts and/or other property now in, or at any time hereafter coming within, the custody or control of Lender or other Holder hereof, or any member bank or branch bank of International Bancshares Corporation, whether held in general or special account or deposit, or for safekeeping or otherwise. Every such security interest and right of set-off may be exercised without demand or notice to Borrower (and any endorsers and/or guarantors hereof). No security interest or right of set-off to enforce such security interest shall be deemed to have been waived by any act or conduct on the part of the Lender, or by any failure to exercise such right of set-off or to enforce such security interest, or by any delay in so doing. Every right of set-off and security interest shall continue in full force and effect until such right of set-off or security interest is specifically waived or released by an instrument in writing executed by Lender. The foregoing is in addition to and not in lieu of any rights of set-off allowed by law.

To the extent allowed by law, in connection with any transaction between Borrower and Lender at any time in the past, present or future, in the event Borrower, individually or jointly with others, has granted or grants Lender a lien on any real and/or personal property, Borrower agrees that the lien on such real and/or personal property to the extent of Borrower's interest shall also secure the indebtedness of Borrower to Lender evidenced by this Note and all renewals, extensions and modifications hereof.

Financing Statements: At Lender's request Debtor will promptly sign all other documents, including financing statements and certificates of title, to perfect, protect, and continue Lender's security interest in the Collateral at the sole cost of Borrower. Debtor hereby authorizes Lender to file a Financing Statement, an Amended Financing Statement and a Continuation Financing Statement (collectively referred to as the "Financing Statement") describing the Collateral. Where Collateral is in the possession of a third party, Debtor will join with Lender in notifying the third party of Lender's security interest and obtaining a Control Agreement from the third party that it is holding the collateral for the benefit of Lender.

In the event any legal action or proceeding, by arbitration or otherwise, is commenced in connection with the enforcement of, or declaration of rights under this Note and/or any instrument or written agreement required or delivered under or pursuant to the terms of this Note, and/or any controversy or claim, whether sounding in contract, tort or statute, legal or equitable, involving in any way the financing or the transaction(s), the subject of this Note, or any other proposed or actual loss or extension of credit, the prevailing party shall be entitled to recover reasonable and necessary attorney's fees, paralegal costs (including allocated costs for in-house legal services), costs, expenses, expert witness fees and costs, and other accessory disbursements made in connection with any such action or proceeding, in the amount determined by the fact-finder.

Lender, in its sole discretion and without obligation on Lender to do so, may advance and pay sums on behalf and for the benefit of Borrower for costs necessary for the protection and preservation of the collateral securing this Note and other costs that may be appropriate, in Lender's sole discretion, including but not limited to insurance premiums, ad valorem taxes, and attorney's fees. Any sums which may be so paid out by Lender and all sums paid for insurance premiums, as aforesaid, including the costs, expenses and attorney's fees paid in any suit affecting said property when necessary to protect the lien hereof shall bear interest from the dates of such payments at the interest rate applied to the matured and past-due principal balance of this Note and shall be paid by Borrower to Lender upon demand, at the same place at which this Note is payable, and shall be deemed a part of the debt and recoverable as such in all aspects.

Borrower reserves the right to prepay, prior to maturity, all or any part of the principal of this Note without penalty, and interest shall immediately cease on any amount so prepaid.

Any assumption, if permitted by Lender, by any other person, partnership, corporation, organization or any other entity without the express written consent of Lender, shall not release the liability of Borrower for the payment of this Note.

In the event that the hereinafter described real property is sold, conveyed, or otherwise disposed of without the prior written consent of the Lender, the maturity of this Note may, at the option of the Lender, be accelerated and Lender may immediately demand payment of the then outstanding principal sum together with all accrued and unpaid interest due thereon.

Borrower and Lender hereby expressly acknowledge and agree that in the event of a default under this Note or under any document executed by Borrower in connection with, or to secure the payment of, this Note (1) Lender shall not be required to comply with Subsection 3.05(d) of the Texas Revised Partnership Act and (2) Lender shall not be required to proceed against or exhaust the assets of Borrower before pursuing any remedy directly against one or more of the partners of Borrower or the property of such partners.

ARBITRATION.

BORROWER AND LENDER FURTHER AGREE AS FOLLOWS:

- (a) ANY AND ALL CONTROVERSIES BETWEEN THE PARTIES, EXCEPT SUCH CLAIMS AND CONTROVERSIES WHICH ARE CONSUMER RELATED AND INVOLVE AN AGGREGATE AMOUNT IN CONTROVERSY OF LESS THAN TEN THOUSAND DOLLARS (\$10,000.00), SHALL BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION IN EFFECT AT THE TIME OF FILING, UNLESS THE COMMERCIAL ARBITRATION RULES CONFLICT WITH THIS PROVISION, AND IN SUCH EVENT THE TERMS OF THIS PROVISION SHALL CONTROL TO THE EXTENT OF THE CONFLICT. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, SAVE AND EXCEPT SUBPARAGRAPHS (k), (m), (o), (p), AND (s) HEREIN, THOSE CONSUMER RELATED CLAIMS AND CONTROVERSIES INVOLVING AN AGGREGATE AMOUNT OF LESS THAN TEN THOUSAND DOLLARS (\$10,000.00) SHALL BE CONDUCTED IN ACCORDANCE WITH THE AMERICAN ARBITRATION ASSOCIATION RULES FOR THE RESOLUTION OF CONSUMER-RELATED DISPUTES OF LESS THAN TEN THOUSAND DOLLARS. ANY ARBITRATION HEREUNDER SHALL BE BEFORE AT LEAST THREE NEUTRAL ARBITRATORS ASSOCIATED WITH THE AMERICAN ARBITRATION ASSOCIATION AND SELECTED IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. FAILURE OF ANY ARBITRATOR TO DISCLOSE ALL FACTS WHICH MIGHT TO AN OBJECTIVE OBSERVER CREATE A REASONABLE IMPRESSION OF THE ARBITRATOR'S PARTIALITY, AND/OR MATERIAL ERRORS OR LAW SHALL BE GROUNDS [IN ADDITION TO ALL OTHERS] FOR VACATUR OF AN AWARD RENDERED PURSUANT TO THIS AGREEMENT.
- (b) THE AWARD OF THE ARBITRATORS, OR A MAJORITY OF THEM, SHALL BE FINAL, AND JUDGMENT UPON THE AWARD RENDERED MAY BE ENTERED IN ANY COURT, STATE OR FEDERAL, HAVING JURISDICTION, THE ARBITRATION AWARD SHALL BE IN WRITING AND SPECIFY THE FACTUAL AND LEGAL BASIS FOR THE AWARD. UPON THE REQUEST OF ANY PARTY, THE AWARD SHALL INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.
- (c) ARBITRABLE DISPUTES INCLUDE ANY AND ALL CONTROVERSIES OR CLAIMS BETWEEN THE PARTIES OF WHATEVER TYPE OR MANNER, INCLUDING WITHOUT LIMITATION, ANY CLAIM ARISING OUT OF OR RELATING TO THIS NOTE, ALL PAST, PRESENT AND OR FUTURE CREDIT FACILITIES AND/OR AGREEMENTS INVOLVING THE PARTIES. ANY TRANSACTIONS BETWEEN OR INVOLVING THE PARTIES AND/OR ANY ASPECT OF ANY PAST OR PRESENT RELATIONSHIP OF THE PARTIES, WHETHER BANKING OR OTHERWISE, SPECIFICALLY INCLUDE ANY ALLEGED TORT COMMITTED BY ANY PARTY.

- (d) THE PARTIES SHALL ALLOW AND PARTICIPATE IN DISCOVERY IN ACCORDANCE WITH THE FEDERAL RULES OF CIVIL PROCEDURE FOR A PERIOD OF ONE HUNDRED TWENTY (120) DAYS AFTER THE FILING OF THE ORIGINAL RESPONSIVE PLEADING. DISCOVERY MAY CONTINUE THEREAFTER AS AGREED BY THE PARTIES OR AS ALLOWED BY THE ARBITRATORS. UNRESOLVED DISCOVERY DISPUTES SHALL BE BROUGHT TO THE ATTENTION OF THE ARBITRATORS BY WRITTEN MOTION FOR PROPER DISPOSITION, INCLUDING RULING ON ANY ASSERTED OBJECTIONS, PRIVILEGES, AND PROTECTIVE ORDER REQUESTS AND AWARDING REASONABLE ATTORNEY'S FEES TO THE PREVAILING PARTY.
- (e) IN THE EVENT THE AGGREGATE OF ALL AFFIRMATIVE CLAIMS ASSERTED EXCEED \$500,000.00, EXCLUSIVE OF INTEREST AND ATTORNEY'S FEES, OR UPON THE WRITTEN REQUEST OF ANY PARTY, (1) PRIOR TO THE DISSEMINATION OF A LIST OF POTENTIAL ARBITRATORS, THE AMERICAN ARBITRATION ASSOCIATION SHALL CONDUCT AN IN PERSON ADMINISTRATIVE CONFERENCE WITH THE PARTIES AND THEIR ATTORNEYS FOR THE FOLLOWING PURPOSES AND FOR SUCH ADDITIONAL PURPOSES AS THE PARTIES OR THE AMERICAN ARBITRATION ASSOCIATION MAY DEEM APPROPRIATE (A) TO OBTAIN ADDITIONAL INFORMATION ABOUT THE NATURE AND MAGNITUDE OF THE DISPUTE AND THE ANTICIPATED LENGTH OF HEARINGS AND SCHEDULING; (B) TO DISCUSS THE VIEW OF THE PARTIES ABOUT ANY TECHNICAL AND/OR OTHER SPECIAL QUALIFICATIONS OF THE ARBITRATORS; AND (C) TO CONSIDER, WHETHER MEDIATION OR OTHER METHODS OF DISPUTE RESOLUTION MIGHT BE APPROPRIATE, AND (2) AS PROMPTLY AS PRACTICABLE AFTER THE SELECTION OF THE ARBITRATORS, A PRELIMINARY HEARING SHALL BE HELD AMONG THE PARTIES, THEIR ATTORNEYS AND THE ARBITRATORS, WITH THE AGREEMENT OF THE ARBITRATORS AND THE PARTIES, THE PRELIMINARY HEARING MAY BE CONDUCTED BY TELEPHONE CONFERENCE CALL RATHER THAN IN PERSON. AT THE PRELIMINARY HEARING THE MATTERS THAT MAY BE CONSIDERED SHALL INCLUDE, WITHOUT LIMITATION, A PREHEARING SCHEDULING ORDER ADDRESSING (A) EACH PARTY'S DUTY TO SUBMIT A DETAILED STATEMENT OF CLAIMS, DAMAGES AND/OR DEFENSES, A STATEMENT OF THE ISSUES ASSERTED BY EACH PARTY AND ANY LEGAL AUTHORITIES THE PARTIES MAY WISH TO BRING TO THE ATTENTION OF THE ARBITRATORS; (B) RESPONSES AND/OR REPLIES TO THE PLEADINGS FILED IN COMPLIANCE WITH SUBPART 2(A); (C) STIPULATIONS REGARDING ANY UNCONTESTED FACTS; (D) EXCHANGE AND PREMARKING OF ALL DOCUMENTS WHICH EACH PARTY BELIEVES MAY BE OFFERED AT THE FINAL ARBITRATION HEARING; (E) THE IDENTIFICATION AND AVAILABILITY OF WITNESSES, INCLUDING EXPERTS, AND SUCH ADDITIONAL MATTERS REGARDING WITNESSES INCLUDING THEIR BIOGRAPHIES AND A SHORT SUMMARY OF THEIR EXPECTED TESTIMONY; (F) WHETHER A STENOGRAPHIC OR OTHER OFFICIAL RECORD OF THE PROCEEDINGS SHALL BE MAINTAINED; AND (G) THE POSSIBILITY OF UTILIZING, MEDIATION OR OTHER ALTERNATIVE METHODS OF DISPUTE RESOLUTION.
- (f) FOR PURPOSES OF THIS PROVISION, "THE PARTIES" MEANS BORROWER AND LENDER, AND EACH AND ALL PERSONS AND ENTITIES SIGNING THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN OR AMONG ANY OF THE PARTIES AS PART OF THIS TRANSACTION. "THE PARTIES" SHALL ALSO INCLUDE INDIVIDUAL PARTNERS, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND/OR REPRESENTATIVES OF ANY PARTY TO SUCH DOCUMENTS, AND SHALL INCLUDE ANY OTHER OWNER AND HOLDER OF THIS AGREEMENT.
- (g) THE PARTIES SHALL HAVE THE RIGHT TO INVOLVE SELF-HELP REMEDIES (SUCH AS SET-OFF, NOTIFICATION OF ACCOUNT DEBTORS, SEIZURE AND/OR FORECLOSURE OF COLLATERAL, AND NON-JUDICIAL SALE OF PERSONAL PROPERTY AND REAL PROPERTY COLLATERAL) BEFORE DURING OR AFTER ANY ARBITRATION AND/OR REQUEST ANCILLARY OR PROVISIONAL JUDICIAL REMEDIES (SUCH AS GARNISHMENT, ATTACHMENT, SPECIFIC PERFORMANCE, RECEIVER, INUNCTION OR RESTRAINING ORDER, AND SEQUESTRATION) BEFORE OR AFTER ANY ARBITRATION. THE PARTIES NEED NOT AWAIT THE OUTCOME OF THE ARBITRATION BEFORE USING SELF-HELP REMEDIES. USE OF SELF-HELP ON ANCILLARY AND/OR PROVISIONAL JUDICIAL REMEDIES SHALL NOT OPERATE, AS A WAIVER OF EITHER PARTY'S RIGHT TO COMPEL ARBITRATION. ANY ANCILLARY OR PROVISIONAL REMEDY WHICH WOULD BE AVAILABLE FROM A COURT OF LAW SHALL BE AVAILABLE FROM THE ARBITRATORS.

- (h) THE PARTIES AGREE THAT ANY ACTION REGARDING ANY CONTROVERSY BETWEEN THE PARTIES SHALL EITHER BE BROUGHT BY ARBITRATION, AS DESCRIBED HEREIN, OR BY JUDICIAL PROCEEDINGS, BUT SHALL NOT BE PURSUED SIMULTANEOUSLY IN DIFFERENT OR ALTERNATIVE FORMS. A TIMELY WRITTEN NOTICE OF INTENT TO ARBITRATE PURSUANT TO THIS AGREEMENT STAYS AND/OR ABATES ANY AND ALL ACTION IN TRIAL COURT, SAVE AND EXCEPT A HEARING ON A MOTION TO COMPEL ARBITRATION AND/OR THE ENTRY OF AN ORDER COMPELLING ARBITRATION AND STAYING AND/OR ABATING THE LITIGATION PENDING THE FILING OF THE FINAL AWARD OF THE ARBITRATORS. ALL REASONABLE AND NECESSARY ATTORNEY'S FEES AND ALL TRAVEL COSTS SHALL BE AWARDED TO THE PREVAILING PARTY ON ANY MOTION TO COMPEL ARBITRATION AND MUST BE PAID TO SUCH PARTY WITHIN TEN (10) DAYS OF THE SIGNING OF THE ORDER COMPELLING ARBITRATION.
- (i) ANY PARTY SHALL SERVE A WRITTEN NOTICE OF INTENT TO ARBITRATE TO ANY AND ALL OPPOSING PARTIES WITHIN 360 DAYS AFTER DISPUTE HAS ARISEN. A DISPUTE IS DEFINED TO HAVE ARISEN ONCE UPON RECEIPT OF SERVICE OR JUDICIAL PROCESS, INCLUDING SERVICE ON A COUNTERCLAIM, FAILURE TO SERVE A WRITTEN NOTICE OF INTENT TO ARBITRATE WITHIN THE TIME SPECIFIED ABOVE SHALL BE DEEMED A WAIVER OF THE AGGRIEVED PARTY'S RIGHT TO COMPEL ARBITRATION OF SUCH CLAIM. THE ISSUE OF WAIVER PURSUANT TO THIS AGREEMENT IS AN ARBITRABLE DISPUTE.
- (j) ACTIVE PARTICIPATION ON PENDING LITIGATION DURING THE 360 DAY NOTICE PERIOD, WHETHER AS PLAINTIFF OR DEFENDANT, IS NOT A WIAVER OF THE RIGHT TO COMPEL ARBITRATION. ALL DISCOVERY OBTAINED IN THE PENDING LITIGATION MAY BE USED IN ANY SUBSEQUENT ARBITRATION PROCEEDING.
- (k) THE PARTIES FURTHER AGREE THAT (i) NO ARBITRATION PROCEEDING HEREUNDER SHALL BE CERTIFIED AS A CLASS ACTION OR PROCEED AS A CLASS ACTION, OR ON A BASIS INVOLVING CLAIMS BROUGHT IN A PURPORTED REPRESENTATIVE CAPACITY ON BEHALF OF THE GENERAL PUBLIC, OTHER CUSTOMERS OR POTENTIAL CUSTOMERS OR PERSONS SIMILARY SITUATED AND (ii) NO ARBITRATION PROCEEDING HEREUNDER SHALL BE CONSOLIDATED WITH, OR JOINED IN ANY WAY WITH, ANY OTHER ARBITRATION PROCEEDING.
- (l) ANY ARBITRATOR SELECTED SHALL BE KNOWLEDGEABLE IN THE SUBECT MATTER OF THE DISPUTE. EACH OF THE PARTIES SHALL PAY AN EQUAL SHARE OF THE ARBITRATION COSTS, FEES, EXPENSES, AND OF THE ARBITRATORS' FEES, COSTS AND EXPENSES.
- (m) ALL STATUTES OF LIMITATIONS WHICH WOULD OTHERWISE BE APP;LICABLE SHALL APPLY TO ANY AND ALL CLAIMS ASSERTED IN ANY ARBITRATION PROCEEDING HEREUNDER AND THE COMMENCEMENT OF ANY ARBITRATION PROCEEDING TOLLS SUCH STATUTES OF LIMITAITONS.
- (n) IN ANY ARBITRATION PROCEEDING SUB JECT TO THIS PROVISION, THE ARBITRATORS, OR MAJORITY OF THEM, ARE SPECIFICALLY EMPOWERED TO DECIDE (BY DOCUMENTS ONLY, OR WITH A HEARING AT THE ARBITRATORS' SOLE DISCRETION) PRE-HEARING MOTIONS WHICH ARE SUBSTANTIALLY SIMILAR TO THE PRE-HEARING MOTIONS TO DISMISS AND MOTIONS FOR SUMMARY ADJUDICATIONS.
- (o) THIS ARBITRATION PROVISION SHALL SURVIVE ANY TERMINATION, AMENDMENT, OR EXPIRATION OF THE AGREEMENT IN WHICH THIS PROVISION IS CONTAINED, UNLESS ALL OF THE PARTIES OTHERWISE EXPRESSLY AGREE IN WRITING.
- (p) THE PARTIES ACKNOWLEDGE THAT THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING INTERSTATE COMMERCE. THE FEDERAL ARBITRATION ACT SHALL GOVERN THE INTERPRETATION, ENFORCEMENT, AND PROCEEDINGS PURSUANT TO THE ARBITRATION CLAUSE OF THIS AGREEMENT.
- (q) THE ARBITRATORS, OR A MAJORITY OF THEM, SHALL AWARD ATTORNEY'S FEES AND COSTS TO THE PREVAILING PARTY PURSUANT TO THE TERMS OF THIS AGREEMENT.
- (r) NEITHER THE PARTIES NOR THE ARBITRATORS MAY DISCLOSE THE EXISTENCE, CONTENT, OR RESULTS OF ANY ARBITRATION HEREUNDER WITHOUT PRIOR WRITTEN CONSENT OF ALL PARTIES AND/OR COURT ORDER.
- (s) VENUE OF ANY ARBITRATION PROCEEDING HEREUNDER SHALL BE IN CAMERON, COUNTY, TEXAS.

THE TERM LENDER INCLUDES ANY OTHER OWNER AND HOLDER OF THIS NOTE AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THIS NOTE IS GOVERNED BY APPLICABLE TEXAS LAW, EXCEPT TO THE EXTENT THE USURY LAWS OF TEXAS ARE PRE-EMPTED BY FEDERAL LAW, IN WHICH CASE, SUCH FEDERAL LAW SHALL APPLY. VENUE OF ALL ACTIONS ON THIS NOTE, SHALL LIE IN CAMERON COUNTY, TEXAS, AND ALL OBLIGATIONS REQUIRED HEREIN ARE PERFORMABLE IN CAMERON COUNTY, TEXAS.

If loan proceeds are to be used primarily for personal, family or household use, the following notice shall apply:

NOTICE TO CONSUMER: UNDER TEXAS LAW IF YOU CONSENT TO THIS AGREEMENT YOU MAY BE SUBJECT TO A FUTURE RATE AS HIGH AS TWNETY-FOUR PERCENT (24%) ANNUAL PERCENTAGE RATE OR THE STATE USURY CEILING, WHCHEVER IS LESS.

If this Note is to be secured by a lien on a dwelling located on the hereinafter described property, then the following notice shall apply:

THE MAXIMUM INTEREST RATE SHALL NOT EXCEED TWENTY-FOUR PERCENT (24%) PER ANNUM, OR THE USURY CEILING, WHICHEVER IS LESS.

Payment hereof is secured by a Deed of Trust, Security Agreement and Financing Statement of even date herewith executed by the Borrower and/or Grantors thereof to FRED W. RUSTENBERG, Trustee, upon the following described real property:

NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES

THERE ARE NO WRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

BORROWER:

SOUTH PADRE ISLAND DEVELOPMENT, LLC

By: /s/ MARK A. KERNEY
Mark A. Kerney
Manager and Vice President

Address: 1 Ocelot Trail Road
Laguna Vista, TX 78578

**ADDENDUM TO REAL ESTATE LIEN NOTE
DATED AUGUST 29, 2007
EXECUTED BY
SOUTH PADRE ISLAND DEVELOPMENT, LLC
PAYABLE TO
INTERNATIONAL BANK OF COMMERCE**

REPAYMENT SCHEDULE OF NOTE:

Twenty-three (23) monthly payments of ACCRUED INTEREST due on or before the 29th day of each month, commencing September 29, 2007 and one final payment due and payable on or before August 29, 2009.

PRINCIPAL BALANCE PLUS ACCRUED INTEREST shall be due and payable on or before August 29, 2009.

APPLICATION OF PAYMENTS:

Each payment shall be applied on the earlier of (i) its scheduled due date, or (ii) the date that it is received by the Lender; and each payment made after an event of default may be applied in the order of application as the Lender, in its sole discretion, may from time to time elect.

PARTIAL RELEASES:

By paying Lender the sum of \$10,000.00 per acre (the "Release Price") and by making regular payments on this Note according to its terms, Borrower may have tracts or parcels released from the liens securing payment of this Note. Payments of the Release Price shall be applied to the reduction of the principal of this Note. The line of credit available to Borrower shall be reduced by \$10,000.00 for each acre of the Property that is so released by Lender.

DESCRIPTION OF REAL PROPERTY SECURING THIS NOTE:

ALL OF THOSE CERTAIN TRACTS OF REAL PROPERTY DESCRIBED AS "TRACTS I THROUGH II" ON EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE FOR ALL PURPOSES.

**EXTENSION AND/OR MODIFICATION AGREEMENT
COMMERCIAL INDEBTEDNESS**

Date: January 17, 2008

Account No. 1010193724

Borrower: South Padre Island Development, LLC and South Padre Island
Development, L.P. (whether one or more)

Interest Paid: \$ _____
Outstanding Principal Balance of \$4,536,848.94**

is payable on demand, if no demand, then due:

17 payments of interest only beginning February 24, 2008 and continuing at monthly intervals thereafter and a final payment of the unpaid principal balance plus accrued interest due and payable on July 24, 2009.

** LOC 1/a/o \$8,000,000.00
(Consolidation of two master notes 1/a/o \$5MM & \$3MM)

together with any and all accrued and unpaid interest and/or late charges.

The starting rate of interest will be (NYP+1.00%) 8.25% per annum beginning on January 24, 2008.

Final Maturity Date: July 24, 2009

Borrower promises to pay to the order of International Bank of Commerce the Outstanding Principal Balance on the Note according to the terms hereof together with interest as it accrues on the outstanding unpaid principal balance until paid. In no event shall the rate of interest to be paid on the unpaid principal balance be less than six percent (6.0%) per annum, nor more than the maximum legal rate allowed by applicable law.

To the extent allowed by law, as the late payment charge under the Note to this Agreement, Lender may in its sole discretion (i) increase the interest on the principal portion of any payment amount that is not received by the payment due date until paid to the maximum rate allowed by law, computed on a full calendar year basis from the payment due date until paid, or (ii) should any payment be more than ten (10) days late, Borrower shall pay a one-time "Late charge" per late payment equal to five percent (5%) of the amount of the past due principal and interest of such payment, with a minimum of \$10.00 and a maximum of \$1,500.00 per late payment

The "late charge" may be accrued without notice and shall be immediately due and payable.

Each payment shall be applied as of its scheduled due date and in the order of application as the Lender in its sole discretion may from time to time elect.

The failure of Borrower to pay any of the payment(s) of principal or any interest thereon or accrued late charges, when the same is due and payable shall permit Lender, at its option, to accelerate the maturity, without notice to Borrower, of all, or any portion, of the outstanding unpaid principal balance and all accrued and unpaid interest, and all accrued and unpaid late charge under the Note/this Agreement, whereupon the same shall be due and payable immediately.

Any outstanding and unpaid principal, accrued and unpaid interest and all fees, late charges and/or other charges incurred in this transaction by, or for the benefit of, Borrower, if any, which remain due and owing on the Final Maturity Date are due and payable on such date.

Borrower renews and extends the Note, and any and all Security Agreements, security interests, Deeds of Trust, and/or other liens created by Borrower in favor of International Bank of Commerce. Except as provided herein, all other terms and conditions of the Note, and all Security Agreements, security interests, Deeds of Trust, and/or other liens created by Deeds of Trusts and/or other Loan Documents, if any, continue as written, and remain in full force and effect.

TO THE EXTENT ALLOWED BY LAW, ALL MATURED UNPAID AMOUNTS WILL BEAR INTEREST AT THE MAXIMUM LEGAL INTEREST RATE ALLOWED BY APPLICABLE LAW. If applicable law does not set a maximum rate of interest for matured unpaid amounts, the Borrower agrees that the maximum rate for such amounts shall be eighteen percent (18%) per annum.

NO ORAL AGREEMENTS

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

South Padre Island Development, LLC and
South Padre Island Development, L.P.

By: SPID, Inc., General Partner

By: /s/ MARK A. KERNEY
Mark A. Kerney, Mangaer and Vice President

Address: P.O. Box 1880
Upper Marlboro, MD 20773

“Lender” International Bank of Commerce

By: /s/ Wallace Lee Reed
Name: Wallace Lee Reed
Title: Executive Vice President

EVIDENCE OF INDEBTEDNESS

This Evidence of Indebtedness (the "Note") is made effective as of October 1, 2004 to evidence indebtedness of South Padre Island Development, L.P., a Delaware limited partnership (now South Padre Island Development, LLC, a Delaware limited liability company) ("Maker") to Barton Theatre Company, an Oklahoma corporation ("Original Payee") as of October 1, 2004. On October 1, 2004, Maker became a wholly-owned subsidiary of Landmark Land Company, Inc., a Delaware corporation and on such date Maker assumed an obligation to Original Payee in the principal amount of Five Hundred Fifty-eight Thousand, Four Hundred Seventy-five and 32/100 Dollars (\$558,475.32), together with accrued interest in the amount of One Hundred Forty-five Thousand, Four Hundred Seventeen and 80/100 Dollar (\$145,417.80). Maker further acknowledges that the Original Payee assigned the Note to Newco XXV, Inc. (the "New Payee") on November 30, 2004.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Loan Interest Rate" means 12% per annum.

"Maturity Date" is on demand.

The principal hereof shall bear interest at a rate per annum which shall be equal to the Loan Interest Rate.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty.

An Event of Default shall be a default in the payment of any payment of principal or interest when due hereunder.

This Note shall be binding upon Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by Maker and the then holder. The New Payee may at any time and from time to time, without the consent of Maker, assign all or any portion of its rights under this Note to one or more persons.

MAKER:

SOUTH PADRE ISLAND DEVELOPMENT, L.P.,
a Delaware corporation (now South Padre Island
Development, LLC)
\\

By: /s/ JOE OLREE
Name: Joe Olree
Title: ice President

EVIDENCE OF INDEBTEDNESS

This Evidence of Indebtedness (the "Note") is made effective as of August 31, 2003 to evidence indebtedness of Delos Partners, Inc., an Ohio Corporation ("DPI"), a wholly-owned subsidiary of DPMG, Inc., a Delaware corporation ("DPMG") to Barton Theatre Company, an Oklahoma corporation ("Original Payee") as of August 31, 2003. On August 31, 2003, DPMG and DPI became wholly-owned subsidiaries of Landmark Land Company, Inc., a Delaware corporation and at such date, DPI owed Original Payee principal in the amount of Three Hundred Thirty-three Thousand, Five Hundred Ninety-nine and 47/100 Dollars (\$333,599.47), together with accrued interest in the amount of Three Hundred Ninety-three Thousand, Forty-three and 09/100 Dollar (\$393,043.09). On April 2, 2004, DPI merged into DPMG and DPMG assumed all of DPI's obligations, including those evidenced by this Note. DPMG further acknowledges that the Original Payee assigned the Note to Newco XXV, Inc. (the "New Payee") on November 30, 2004.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Loan Interest Rate" means 15% per annum.

"Maturity Date" is on demand.

The principal hereof shall bear interest at a rate per annum which shall be equal to the Loan Interest Rate.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty.

An Event of Default shall be a default in the payment of any payment of principal or interest when due hereunder.

This Note shall be binding upon DPMG, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by DPMG and the then holder. The New Payee may at any time and from time to time, without the consent of DPMG, assign all or any portion of its rights under this Note to one or more persons.

DPMG INC., a Delaware corporation (successor
to Delos Partners, Inc.)

By: /s/ JOE OLREE
Name: Joe Olree
Title: Vice President

ADJUSTABLE RATE NOTE

\$100,000.00

February 6, 2002

FOR VALUE RECEIVED, the undersigned, KES, Inc., an Ohio corporation ("Maker"), having an address of 2817 Crain Highway, Upper Marlboro, Maryland 20774, hereby promises to pay to the order of JOHN DAVID DAVENPORT, an individual ("Payee"), at his offices at 1103 West Saint Andrews Drive, Edmond, Oklahoma 73003, or such other place as the holder of this Note may from time to time designate in writing, the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00), together with interest on the unpaid principal balance from day to day remaining at the Applicable Interest Rate (as hereinafter defined), as follows:

1. Definitions. As used herein, the following terms shall have the respective meanings indicated:

- (i) Prime Rate. The term "Prime Rate" as used herein shall mean a rate per annum equal to the base, prime or index commercial loan interest rate established and published or announced as such from time to time by Citibank, N.A., in New York, New York, or its successor ("Citibank"), and is not necessarily the lowest interest rate charged by Citibank on commercial loans. If Citibank should have more than one established and published or announced base or prime commercial loan rate, the "Base Rate" herein shall mean Citibank's highest established and published or announced base or prime commercial loan rate. Without notice to Maker or any other party, Prime Rate shall automatically fluctuate upward and downward as and in the amount by which said base or prime commercial loan rate shall fluctuate.
- (ii) Maximum Rate. The term "Maximum Rate" as used herein shall mean the maximum rate of interest permitted from time to time by applicable law.
- (iii) Applicable Interest Rate. The term "Applicable Interest Rate" as used herein shall mean the rate, which shall from day to day be at the annual rate equal to the lesser of the following:
 - (a) the Maximum Rate; or
 - (b) the sum of one percent (1%) plus the Prime Rate;

calculated on the basis of actual days over a year consisting of 365 days; provided, however, if at any time a rate of interest specified in clause (b) above would exceed the Maximum Rate, thereby causing the interest hereon to be limited to the Maximum Rate, then any subsequent reduction in Prime Rate shall not reduce the rate of interest hereon below the Maximum Rate until the total amount of interest accrued hereon equals the amount of interest which would have accrued hereon if the rate specified in clause (b) above had at all times been in effect. Each change in the rate of interest charged hereunder shall become effective on the effective date of each change in the Prime Rate or Maximum Rate without notice to Maker.

2. Payment. This note is due and payable as follows:

- (i) Interest on the principal sum of this Note is due and payable annually as it accrues during the term hereof in annual installments commencing one year from the date hereof and continuing on each annual anniversary date thereafter. Notwithstanding, in the event Maker does not have sufficient cash flow to make an interest payment under this paragraph 2(i), Maker shall have the right to defer such payment, with interest, until such time as cash flow is available to make such payment, but not later than three (3) years from the date hereof (the "Maturity Date");
- (ii) All unpaid and outstanding principal on this Note and all accrued and unpaid interest on such principal amount shall be due and payable on the Maturity Date; and
- (ii) The Note may be prepaid in whole or in part at any time during the term hereof.

Any payment shall be applied first to accrued interest due on the unpaid principal balance and the remainder of each payment shall be applied to the reduction of unpaid principal.

3. Default and Remedies. At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events:

- (i) Default in the payment of any installment of principal or interest when due;
- (ii) Default in the performance of any of the covenants or provisions of, or the occurrence of any default or event of default under, the Pledge Agreement or any other deed of trust, mortgage, or other agreement securing this Note or evidencing the indebtedness created hereby; or
- (iii) The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any receiver for any property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety, or otherwise; or

With respect to the events described in subparagraphs (ii) and (iii) above, the holder of this Note agrees to furnish Maker ten (10) days prior written notice of the occurrence thereof before declaring a default hereunder on account of same.

All past due installments of principal and, if permitted by applicable law, of interest, shall bear interest at the highest lawful rate permitted by applicable law, or if no highest lawful rate is applicable hereto, then at the rate of eighteen percent (18%) per annum. During the existence of any default hereunder, the entire unpaid balance of principal shall bear interest at the highest rate permitted by applicable law.

4. Attorney's Fees and Costs. If this Note or any installment due hereunder is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate, or other Court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including, but not limited to, reasonable attorneys' fees incurred by the holder hereof.

5. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of Oklahoma, except to the extent such laws are preempted by federal laws, in which case, this Note shall be governed by such federal laws, as applied in the State of Oklahoma. In the event the enforceability or validity of any provision of this Note or of any document evidencing or securing the indebtedness represented by this Note is challenged or questioned, such provision shall be governed by, and shall be construed in accordance with, whichever applicable federal or state law would uphold or would enforce such challenged or questioned provision.

6. Usury Savings Clause. All agreements between Maker and the holder hereof whether now existing or hereafter arising and whether written or oral are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid, or agreed to be paid, to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment or performance of any covenant or obligations contained herein or in any document evidencing, securing or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever, fulfillment of any provision hereof or other document at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof should ever receive an amount deemed interest by applicable law which shall exceed the highest lawful rate, such amount which would be excessive interest shall be characterized as an expense, rather than as interest, or be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest or if such excessive payment cannot be characterized as an expense, and exceeds the unpaid balance of principal hereof and such other indebtedness, the excess shall be refunded to Maker. All sums paid or agreed to be paid by the undersigned for the use, forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and holder hereof.

7. Waiver. Except as expressly provided herein, the Maker and any sureties, guarantors and endorsers of this Note jointly and severally waive demand, presentment, notice of nonpayment, notice of dishonor, notice of default and opportunity to cure, notice of intent to accelerate, notice of acceleration, diligence in collecting, grace, notice and protest, and consent to all extensions without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any party hereunder.

8. Notices. Any notice or demand required hereunder shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Maker or Payee, as the case may be, at the address set out hereinbelow, or at such other address as such party may hereafter deliver in accordance herewith. Any other method of delivery of notice or demand shall be effective only when actually received by the recipient thereof. If and when included within the term "Maker" or "Payee" there are more than one person, all shall jointly arrange among themselves for their joint execution and delivery of a notice to the other specifying some person at some specific address for the receipt of all notices, demands, payment or other documents. All persons included within the terms "Maker" or "Payee" respectively, shall be bound by notices, demands, payments and documents given in accordance with the provisions of this paragraph to the same extent as if each had received such notice, demand, payment or document.

9. Successors and Assigns. This Note and all covenants, promises and agreements contained herein shall be binding upon and shall inure to the benefit of Maker and Payee, and their respective successors and assigns.

10. Joint and Several Liability. Should this Note be signed or endorsed by more than one person and/or entity, all of the obligations herein contained shall be considered the joint and several obligations of each maker and endorser hereof.

11. Termination. This Note may not be terminated orally, but only by a discharge in writing by the holder of this Note at the time such discharge is sought.

EXECUTED IN Upper Marlboro, Maryland, as of the day and year first above written.

MAKER:

KES, INC., an Ohio corporation

By: /s/ Gerald G. Barton
Gerald G. Barton, President

ADDRESSES FOR NOTICES

PAYEE:

John David Davenport
1103 W. Saint Andrews Drive
Edmond, Oklahoma 73003

MAKER:

KES, Inc.
c/o Landmark National
2817 Crain Highway
Upper Marlboro, MD 20774

ADJUSTABLE RATE NOTE

\$100,000.00

September 11, 2001

FOR VALUE RECEIVED, the undersigned, KES, Inc., an Ohio corporation ("Maker"), having an address of 2817 Crain Highway, Upper Marlboro, Maryland 20774, hereby promises to pay to the order of JOHN DAVID DAVENPORT, an individual ("Payee"), at his offices at 1103 West Saint Andrews Drive, Edmond, Oklahoma 73003, or such other place as the holder of this Note may from time to time designate in writing, the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00), together with interest on the unpaid principal balance from day to day remaining at the Applicable Interest Rate (as hereinafter defined), as follows:

1. Definitions. As used herein, the following terms shall have the respective meanings indicated:

- (i) Prime Rate. The term "Prime Rate" as used herein shall mean a rate per annum equal to the base, prime or index commercial loan interest rate established and published or announced as such from time to time by Citibank, N.A., in New York, New York, or its successor ("Citibank"), and is not necessarily the lowest interest rate charged by Citibank on commercial loans. If Citibank should have more than one established and published or announced base or prime commercial loan rate, the "Base Rate" herein shall mean Citibank's highest established and published or announced base or prime commercial loan rate. Without notice to Maker or any other party, Prime Rate shall automatically fluctuate upward and downward as and in the amount by which said base or prime commercial loan rate shall fluctuate.
- (ii) Maximum Rate. The term "Maximum Rate" as used herein shall mean the maximum rate of interest permitted from time to time by applicable law.
- (iii) Applicable Interest Rate. The term "Applicable Interest Rate" as used herein shall mean the rate, which shall from day to day be at the annual rate equal to the lesser of the following:
 - (a) the Maximum Rate; or
 - (b) the sum of one percent (1%) plus the Prime Rate;

calculated on the basis of actual days over a year consisting of 365 days; provided, however, if at any time a rate of interest specified in clause (b) above would exceed the Maximum Rate, thereby causing the interest hereon to be limited to the Maximum Rate, then any subsequent reduction in Prime Rate shall not reduce the rate of interest hereon below the Maximum Rate until the total amount of interest accrued hereon equals the amount of interest which would have accrued hereon if the rate specified in clause (b) above had at all times been in effect. Each change in the rate of interest charged hereunder shall become effective on the effective date of each change in the Prime Rate or Maximum Rate without notice to Maker.

2. Payment. This note is due and payable as follows:

- (i) Interest on the principal sum of this Note is due and payable annually as it accrues during the term hereof in annual installments commencing one year from the date hereof and continuing on each annual anniversary date thereafter. Notwithstanding, in the event Maker does not have sufficient cash flow to make an interest payment under this paragraph 2(i), Maker shall have the right to defer such payment, with interest, until such time as cash flow is available to make such payment, but not later than three (3) years from the date hereof (the "Maturity Date");
- (ii) All unpaid and outstanding principal on this Note and all accrued and unpaid interest on such principal amount shall be due and payable on the Maturity Date; and
- (ii) The Note may be prepaid in whole or in part at any time during the term hereof.

Any payment shall be applied first to accrued interest due on the unpaid principal balance and the remainder of each payment shall be applied to the reduction of unpaid principal.

3. Default and Remedies. At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events:

- (i) Default in the payment of any installment of principal or interest when due;
- (ii) Default in the performance of any of the covenants or provisions of, or the occurrence of any default or event of default under, the Pledge Agreement or any other deed of trust, mortgage, or other agreement securing this Note or evidencing the indebtedness created hereby; or
- (iii) The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any receiver for any property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety, or otherwise; or

With respect to the events described in subparagraphs (ii) and (iii) above, the holder of this Note agrees to furnish Maker ten (10) days prior written notice of the occurrence thereof before declaring a default hereunder on account of same.

All past due installments of principal and, if permitted by applicable law, of interest, shall bear interest at the highest lawful rate permitted by applicable law, or if no highest lawful rate is applicable hereto, then at the rate of eighteen percent (18%) per annum. During the existence of any default hereunder, the entire unpaid balance of principal shall bear interest at the highest rate permitted by applicable law.

4. Attorney's Fees and Costs. If this Note or any installment due hereunder is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate, or other Court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including, but not limited to, reasonable attorneys' fees incurred by the holder hereof.

5. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of Oklahoma, except to the extent such laws are preempted by federal laws, in which case, this Note shall be governed by such federal laws, as applied in the State of Oklahoma. In the event the enforceability or validity of any provision of this Note or of any document evidencing or securing the indebtedness represented by this Note is challenged or questioned, such provision shall be governed by, and shall be construed in accordance with, whichever applicable federal or state law would uphold or would enforce such challenged or questioned provision.

6. Usury Savings Clause. All agreements between Maker and the holder hereof whether now existing or hereafter arising and whether written or oral are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid, or agreed to be paid, to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment or performance of any covenant or obligations contained herein or in any document evidencing, securing or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever, fulfillment of any provision hereof or other document at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof should ever receive an amount deemed interest by applicable law which shall exceed the highest lawful rate, such amount which would be excessive interest shall be characterized as an expense, rather than as interest, or be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest or if such excessive payment cannot be characterized as an expense, and exceeds the unpaid balance of principal hereof and such other indebtedness, the excess shall be refunded to Maker. All sums paid or agreed to be paid by the undersigned for the use, forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and holder hereof.

7. Waiver. Except as expressly provided herein, the Maker and any sureties, guarantors and endorser of this Note jointly and severally waive demand, presentment, notice of nonpayment, notice of dishonor, notice of default and opportunity to cure, notice of intent to accelerate, notice of acceleration, diligence in collecting, grace, notice and protest, and consent to all extensions without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any party hereunder.

8. Notices. Any notice or demand required hereunder shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Maker or Payee, as the case may be, at the address set out hereinbelow, or at such other address as such party may hereafter deliver in accordance herewith. Any other method of delivery of notice or demand shall be effective only when actually received by the recipient thereof. If and when included within the term "Maker" or "Payee" there are more than one person, all shall jointly arrange among themselves for their joint execution and delivery of a notice to the other specifying some person at some specific address for the receipt of all notices, demands, payment or other documents. All persons included within the terms "Maker" or "Payee" respectively, shall be bound by notices, demands, payments and documents given in accordance with the provisions of this paragraph to the same extent as if each had received such notice, demand, payment or document.

9. Successors and Assigns. This Note and all covenants, promises and agreements contained herein shall be binding upon and shall inure to the benefit of Maker and Payee, and their respective successors and assigns.

10. Joint and Several Liability. Should this Note be signed or endorsed by more than one person and/or entity, all of the obligations herein contained shall be considered the joint and several obligations of each maker and endorser hereof.

11. Termination. This Note may not be terminated orally, but only by a discharge in writing by the holder of this Note at the time such discharge is sought.

EXECUTED IN Upper Marlboro, Maryland, as of the day and year first above written.

MAKER:

KES, INC., an Ohio corporation

By: /s/ Gerald G. Barton
Gerald G. Barton, President

ADDRESSES FOR NOTICES

PAYEE:

John David Davenport
1103 W. Saint Andrews Drive
Edmond, Oklahoma 73003

MAKER:

KES, Inc.
c/o Landmark National
2817 Crain Highway
Upper Marlboro, MD 20774

ADJUSTABLE RATE NOTE

\$100,000.00

May 11, 2001

FOR VALUE RECEIVED, the undersigned, KES, Inc., an Ohio corporation ("Maker"), having an address of 2817 Crain Highway, Upper Marlboro, Maryland 20774, hereby promises to pay to the order of JOHN DAVID DAVENPORT, an individual ("Payee"), at his offices at 1103 West Saint Andrews Drive, Edmond, Oklahoma 73003, or such other place as the holder of this Note may from time to time designate in writing, the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00), together with interest on the unpaid principal balance from day to day remaining at the Applicable Interest Rate (as hereinafter defined), as follows:

1. Definitions. As used herein, the following terms shall have the respective meanings indicated:

- (i) Prime Rate. The term "Prime Rate" as used herein shall mean a rate per annum equal to the base, prime or index commercial loan interest rate established and published or announced as such from time to time by Citibank, N.A., in New York, New York, or its successor ("Citibank"), and is not necessarily the lowest interest rate charged by Citibank on commercial loans. If Citibank should have more than one established and published or announced base or prime commercial loan rate, the "Base Rate" herein shall mean Citibank's highest established and published or announced base or prime commercial loan rate. Without notice to Maker or any other party, Prime Rate shall automatically fluctuate upward and downward as and in the amount by which said base or prime commercial loan rate shall fluctuate.
- (ii) Maximum Rate. The term "Maximum Rate" as used herein shall mean the maximum rate of interest permitted from time to time by applicable law.
- (iii) Applicable Interest Rate. The term "Applicable Interest Rate" as used herein shall mean the rate, which shall from day to day be at the annual rate equal to the lesser of the following:
 - (a) the Maximum Rate; or
 - (b) the sum of one percent (1%) plus the Prime Rate;

calculated on the basis of actual days over a year consisting of 365 days; provided, however, if at any time a rate of interest specified in clause (b) above would exceed the Maximum Rate, thereby causing the interest hereon to be limited to the Maximum Rate, then any subsequent reduction in Prime Rate shall not reduce the rate of interest hereon below the Maximum Rate until the total amount of interest accrued hereon equals the amount of interest which would have accrued hereon if the rate specified in clause (b) above had at all times been in effect. Each change in the rate of interest charged hereunder shall become effective on the effective date of each change in the Prime Rate or Maximum Rate without notice to Maker.

2. Payment. This note is due and payable as follows:

- (i) Interest on the principal sum of this Note is due and payable annually as it accrues during the term hereof in annual installments commencing one year from the date hereof and continuing on each annual anniversary date thereafter. Notwithstanding, in the event Maker does not have sufficient cash flow to make an interest payment under this paragraph 2(i), Maker shall have the right to defer such payment, with interest, until such time as cash flow is available to make such payment, but not later than three (3) years from the date hereof (the "Maturity Date");
- (ii) All unpaid and outstanding principal on this Note and all accrued and unpaid interest on such principal amount shall be due and payable on the Maturity Date; and
- (ii) The Note may be prepaid in whole or in part at any time during the term hereof.

Any payment shall be applied first to accrued interest due on the unpaid principal balance and the remainder of each payment shall be applied to the reduction of unpaid principal.

3. Default and Remedies. At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events:

- (i) Default in the payment of any installment of principal or interest when due;
- (ii) Default in the performance of any of the covenants or provisions of, or the occurrence of any default or event of default under, the Pledge Agreement or any other deed of trust, mortgage, or other agreement securing this Note or evidencing the indebtedness created hereby; or
- (iii) The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any receiver for any property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety, or otherwise; or

With respect to the events described in subparagraphs (ii) and (iii) above, the holder of this Note agrees to furnish Maker ten (10) days prior written notice of the occurrence thereof before declaring a default hereunder on account of same.

All past due installments of principal and, if permitted by applicable law, of interest, shall bear interest at the highest lawful rate permitted by applicable law, or if no highest lawful rate is applicable hereto, then at the rate of eighteen percent (18%) per annum. During the existence of any default hereunder, the entire unpaid balance of principal shall bear interest at the highest rate permitted by applicable law.

4. Attorney's Fees and Costs. If this Note or any installment due hereunder is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate, or other Court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including, but not limited to, reasonable attorneys' fees incurred by the holder hereof.

5. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of Oklahoma, except to the extent such laws are preempted by federal laws, in which case, this Note shall be governed by such federal laws, as applied in the State of Oklahoma. In the event the enforceability or validity of any provision of this Note or of any document evidencing or securing the indebtedness represented by this Note is challenged or questioned, such provision shall be governed by, and shall be construed in accordance with, whichever applicable federal or state law would uphold or would enforce such challenged or questioned provision.

6. Usury Savings Clause. All agreements between Maker and the holder hereof whether now existing or hereafter arising and whether written or oral are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid, or agreed to be paid, to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment or performance of any covenant or obligations contained herein or in any document evidencing, securing or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever, fulfillment of any provision hereof or other document at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof should ever receive an amount deemed interest by applicable law which shall exceed the highest lawful rate, such amount which would be excessive interest shall be characterized as an expense, rather than as interest, or be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest or if such excessive payment cannot be characterized as an expense, and exceeds the unpaid balance of principal hereof and such other indebtedness, the excess shall be refunded to Maker. All sums paid or agreed to be paid by the undersigned for the use, forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and holder hereof.

7. Waiver. Except as expressly provided herein, the Maker and any sureties, guarantors and endorsers of this Note jointly and severally waive demand, presentment, notice of nonpayment, notice of dishonor, notice of default and opportunity to cure, notice of intent to accelerate, notice of acceleration, diligence in collecting, grace, notice and protest, and consent to all extensions without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any party hereunder.

8. Notices. Any notice or demand required hereunder shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Maker or Payee, as the case may be, at the address set out hereinbelow, or at such other address as such party may hereafter deliver in accordance herewith. Any other method of delivery of notice or demand shall be effective only when actually received by the recipient thereof. If and when included within the term "Maker" or "Payee" there are more than one person, all shall jointly arrange among themselves for their joint execution and delivery of a notice to the other specifying some person at some specific address for the receipt of all notices, demands, payment or other documents. All persons included within the terms "Maker" or "Payee" respectively, shall be bound by notices, demands, payments and documents given in accordance with the provisions of this paragraph to the same extent as if each had received such notice, demand, payment or document.

9. Successors and Assigns. This Note and all covenants, promises and agreements contained herein shall be binding upon and shall inure to the benefit of Maker and Payee, and their respective successors and assigns.

10. Joint and Several Liability. Should this Note be signed or endorsed by more than one person and/or entity, all of the obligations herein contained shall be considered the joint and several obligations of each maker and endorser hereof.

11. Termination. This Note may not be terminated orally, but only by a discharge in writing by the holder of this Note at the time such discharge is sought.

EXECUTED IN Upper Marlboro, Maryland, as of the day and year first above written.

MAKER:

KES, INC., an Ohio corporation

By: /s/ Gerald G. Barton
Gerald G. Barton, President

ADDRESSES FOR NOTICES

PAYEE:

John David Davenport
1103 W. Saint Andrews Drive
Edmond, Oklahoma 73003

MAKER:

KES, Inc.
c/o Landmark National
2817 Crain Highway
Upper Marlboro, MD 20774

PROMISSORY NOTE

\$600,000.00

December 16, 2002

FOR VALUE RECEIVED, the undersigned, DPMG, INC., a Delaware corporation (the "Maker"), hereby promises to pay, upon demand, to the order of GRG Corp., an Oklahoma corporation ("Payee"), at its offices at 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73106 in lawful money of the United States of America, the principal sum of Six Hundred Thousand Dollars and 00/100 Dollars (\$600,000.00) or so much thereof as may be advanced from time to time hereunder, together with interest on such principal amount as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Loan Interest Rate" means 2% per annum above the Prime Rate (as hereinafter defined), compounded semi-annually and based on a 360 day year.

"Maturity Date" means the date upon which Payee demands payment of all principal and accrued interest hereunder.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law; provided however, in no event shall the Maximum Rate exceed 18% per annum.

"Prime Rate" means the annual lending rate of interest announced from time to time by J.P. Morgan Chase and Co., New York, New York, as its prime rate.

The outstanding principal balance hereunder shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of accrued interest before being applied to the payment of principal.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest when due hereunder, or (2) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder, (ii) this Note is placed in the hands of an attorney for collection, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefore shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Delaware and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns.

MAKER:

DPMG, Inc., a Delaware corporation

By: /s/ JOE OLREE
Joe Olree
Treasurer

PROMISSORY NOTE

\$110,000.00

June 26, 2009

FOR VALUE RECEIVED, the undersigned, DPMG INC., a Delaware corporation (the "Maker"), hereby promises to pay to the order of NEWCO XXV, INC., a Delaware corporation ("Payee"), at its offices at 2817 Crain Highway, Upper Marlboro, Maryland 20074 in lawful money of the United States of America, the principal sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00), together with interest on the principal as herein specified.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Affiliate" shall mean any person or entity which controls, is controlled by or is under common control with the Maker. For purposes of this Note, control means the power to direct, or cause the direction of the management of any person or entity.

"Loan Interest Rate" means 10% per annum, compounded annually.

"Maturity Date" means November 1, 2010.

"Maximum Rate" means the maximum rate of non-usurious interest permitted by applicable law and calculated after taking into account any and all relevant fees, payments, and other charges in respect of this Note which are deemed to be interest under applicable law.

The principal hereof shall bear interest at a rate per annum which shall be equal to the lesser of (a) the Maximum Rate, or (b) the Loan Interest Rate. All payments made pursuant to this Note shall be applied to the payment of any costs and expenses of any holder due such holder hereunder, then to accrued interest, to the extent such exists, and then to the payment of principal.

All principal and accrued interest and other amounts due hereunder shall be paid in full on or prior to the Maturity Date. The Note may be prepaid in whole or in part, without penalty, and such prepayment shall be allocated and applied as set forth in the immediately preceding paragraph.

Notwithstanding anything to the contrary contained herein, no provisions of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither Maker nor the sureties, guarantors, successors or assigns of Maker shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If, for any reason, interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note, so that the interest for the entire term does not exceed the Maximum Rate.

An Event of Default shall be (1) a default in the payment of any payment of principal or interest or other costs or expenses when due hereunder and the failure to cure same within ten (10) days after written notice from Payee, (2) Maker shall admit in writing its inability to, pay its debts as such debts become due, or (3) the filing by or against Maker of any petition or similar instrument for the commencement of any proceeding under any bankruptcy, reorganization, insolvency or liquidation law of any jurisdiction and the failure by Maker to have same dismissed within 45 days after such filing.

Upon the occurrence of any Event of Default: A) the holder hereof may, at its option, declare the entire unpaid principal and, to the extent such exists, accrued interest due under this Note immediately due and payable without additional notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable; and B) the principal, and to the extent such exists, any interest due hereunder, shall bear interest at the Maximum Rate (not to exceed 18% per annum) until such Event of Default is cured. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

In the event (i) the holder hereof expends any effort in any attempt to enforce payment of all or any part of any sum due the holder hereunder whether or not suit is brought, (ii) this Note is placed in the hands of an attorney for collection whether or not suit is brought, or an attorney is used by a holder hereof in any bankruptcy proceeding of Maker or its Affiliates, or (iii) this Note is collected through any legal proceedings, Maker agrees to pay all collection costs and fees actually incurred by the holder, including reasonable attorney's fees, within ten (10) days after written demand is made therefor by the then holder.

The remedies of the holder hereof, as provided herein: 1) are cumulative and concurrent, 2) are in addition to those remedies available under applicable law, 3) may be pursued singularly, successively or together, at the sole discretion of the holder hereof, and 4) may be exercised as often as occasion therefor shall arise. No act of, omission or commission of the holder, including, but not limited to, any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by the holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland and the applicable laws of the United States of America.

Maker and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions, renewals, and modifications without notice for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release part or all of any collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any party and without in any way affecting the liability of Maker hereunder.

This Note shall be binding upon the Maker, any surety and/or guarantor hereunder, and their heirs, legal representatives, successors and assigns respectively and the terms hereof shall inure to the benefit of the holder, its heirs, legal representatives, successors and assigns. This Note may not be amended, modified or supplemented except by an instrument in writing signed by the Maker and the then holder. The Maker shall not assign any of its rights or obligations under this Note without the prior consent of the then holder. The Payee may at any time and from time to time, without the consent of the Maker, assign all or any portion of its rights under this Note to one or more persons. The Payee shall be entitled to have this Note subdivided, by exchange of this Note for Notes of lesser denominations or otherwise, to the extent necessary to reflect any such assignment or assignments.

MAKER:

DPMG, INC., a Delaware Corporation

By: /s/ William W. Vaughan, III
Name: William W. Vaughan, III
Title: Vice President

C#: 000522170
L#: 000521641
PN#: 8800545597

Promissory Note

Aircraft Loan

\$3,900,000.00

Funding Date: January 11, 2007

FOR VALUE RECEIVED, DPMG, INC., ("Maker"), promises to pay to the order of **Key Equipment Finance Inc.,** ("Holder"), the sum of \$3,900,000.00 in lawful money of the United States of America (the "Principal"), with interest thereon as hereafter provided ("Interest"), to be paid in the manner set forth herein. This Note is executed pursuant to and is secured by, the Collateral pledged under that certain aircraft security agreement (the "Aircraft Security Agreement") dated as of January 11, 2007 between Maker as grantor and Holder as secured party. Capitalized terms used herein without definition shall have the meaning given them in the Aircraft Security Agreement.

1. Interest Rate; Closing Rate Adjustment; Place of Payment. (a) Interest on the balance of the Principal outstanding on this Note shall accrue from the Funding Date of this Note and shall be due and payable at a rate of 6.83% per annum (the "Interest Rate") which rate shall be immediately and correspondingly adjusted (pursuant to 2(b) hereof) with each change in the Actual Index (as hereinafter defined). Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(b) The Interest Rate has been calculated on the assumption that the LIBOR Rate as reported in the Wall Street Journal on the Funding Date (the "Assumed LIBOR Rate") will be 5.32%. If the LIBOR rate on the Funding Date is different from the Assumed LIBOR Rate, Holder shall make a one time adjustment to the Interest Rate on the Funding Date by increasing or decreasing, as applicable, the Interest Rate by one (1) basis point for every one (1) basis point change in the LIBOR Rate from the Assumed LIBOR Rate. Maker authorizes Holder to change the amount of the Interest Rate in the Note accordingly. Holder shall notify Maker in writing of such adjustment which shall remain in effect while any indebtedness exists under the Note.

(c) Payment of the Principal and Interest hereunder shall be made to Holder at 66 South Pearl Street, Post Office Box 1865, Albany, NY 12201-1865, or at such other place as Holder may designate from time to time in writing. Holder reserves the right to require payment on this Note to be made by wired federal funds or other immediately available funds.

2. Repayment Terms. (a) Maker shall repay the Principal and Interest hereunder in the installments set forth below. Each installment shall be due and payable on the first day of each month during which any amount remains outstanding hereunder (each such date being a "Note Payment Date") as follows:

(i) If the Funding Date occurs on the first day of the month, Maker shall pay Holder 84 consecutive Monthly installments payable in arrears, each in an amount equal to \$34,916.63 commencing and payable on the next Note Payment Date after the Funding Date and on each succeeding Note Payment Date thereafter;

OR

(ii) If the Funding Date occurs on any day other than the first day of the month, then (A) on the first Note Payment Date after the Funding Date, an amount equal to \$739.92 per day as interim interest for the period from the Funding Date through and including the last day of the month in which the Funding Date occurs, which interim interest was calculated by Holder using the Assumed Index plus 151 basis points and is expressly not subject to adjustment pursuant to Section 2(b) hereof; plus (B) 84 consecutive Monthly installments payable in arrears, each in an amount equal to \$34,916.63 commencing and payable on the second Note Payment Date following the Funding Date and on each succeeding Note Payment Date thereafter;

PLUS

(iii) On the 84 and final Note Payment Date, the Balloon Payment. In addition, Maker will pay a late payment charge of five percent of any payment due hereunder that is not paid on or before ten (10) days after the date due hereunder.

(b) Maker and Holder agree that each monthly installment hereunder will be increased or decreased (but not below zero), as the case may be, by the Rate Differential as follows: if, as of any Note Payment Date, (i) the Rate Differential is greater than zero, the amount due on such Note Payment Date shall be increased by such Rate Differential, and (ii) if the Rate Differential is less than zero, the amount of the Note Payment due on such Note Payment Date shall be decreased by such Rate Differential.

(c) As used herein, the following terms have the respective meanings indicated below:

(i) "Assumed Index" means 5.32%

(ii) "Actual Index" means, as of the date of determination, the London interbank offered rate for deposits in United States dollars having a maturity of one month which appears in the "Money Rates" section of The Wall Street Journal, published on the business day on, or immediately prior to, the 28th day of the month immediately preceding such calendar month. If the Actual Index is no longer available, Holder will choose a new index which is based upon comparable information and will give Maker notice of such new "Actual Index."

(iii) "Balloon Payment" means \$2,535,000.00.

(iv) "Net Investment Balance" means, as of the date of determination, the outstanding balance (calculated using the Assumed Index plus 151 basis points) reflected on Holder's accounting system (which assumes a 360 day year consisting of twelve 30 day months), for the Note Payment Date immediately preceding such day or, if such day is a Note Payment Date, for such Note Payment Date.

(v) "Rate Differential" means, with respect to any Note Payment Date, the product of the following formula:

$\text{Rate Differential} = \text{Actual Index} - \text{Assumed Index} \times \text{Net Investment Balance}$
12

3. **Security.** Payment of the Principal and Interest hereunder, and the performance and observance by Maker of all agreements, covenants and provisions contained herein, is secured by a first priority security interest in the Collateral.

4. **Prepayment.** Except as contemplated by Section 3.1 of Article 3 of the Aircraft Security Agreement, Maker may not prepay, in whole or in part, the Principal outstanding hereunder; provided, however, Maker may prepay, on any Note Payment Date and in whole but not in part, the Principal outstanding hereunder including the Balloon Payment by paying to Holder such outstanding Principal, together with all accrued and unpaid interest thereon as of the date of payment, plus all fees or charges incurred by Holder in connection with such prepayment, including, without limitation, Holder's reasonable attorney fees and expenses, FAA counsel fees and expenses, filing, registration and recording fees or charges of the FAA, International Registry and the UCC and any applicable taxes (but excluding internal costs to Holder related to such prepayment), plus a prepayment premium ("Prepayment Premium") equal to a percentage of the outstanding Principal including the Balloon Payment calculated as follows:

Months	Prepayment Premium
1 - 12	1.00%
13 - 24	0.50%
25 - End of Term	0.00%

Notwithstanding anything to the contrary contained herein or in the Aircraft Security Agreement, Holder will waive its right to require payment of the Prepayment Premium if (a) Maker wishes to prepay the outstanding principal hereunder in connection with Maker's acquisition of a new aircraft, and (i) Maker wishes to finance the purchase of such new aircraft through Holder, and (ii) Holder in its sole discretion determines that it approves of the then credit-worthiness of Maker, the new aircraft, and all aspects of the financing of the new aircraft, and (iii) Maker enters into a new promissory note and aircraft security agreement for the benefit of and on terms satisfactory to Holder to finance such new aircraft; or (b) after the twelfth (12th) Note Payment Date, Maker exercises the option to make no more than one (1) annual additional principal reduction payment without penalty, provided that such payment shall be equal to or greater than five percent (5%) of the original Principal balance of this Note and the cumulative amount of all such prepayments under this Section 4 (b) during the term hereof, shall not exceed twenty-five percent (25%) of the original Principal balance of this Note.

5. **Transfer or Assignment.** Holder may at any time assign or otherwise transfer or negotiate this Note in whole or in part, without any notice to Maker. The rights and obligations of Maker may not be assigned or delegated.

6. **Application of Payments.** Prior to an Event of Default, each payment received on this Note shall be applied first to all costs of collection, then to unpaid late payment charges (if any) and Prepayment Premium (if any) hereunder, then to Interest as of the payment due date and the balance, if any, to the outstanding Principal as of the date received. Upon the occurrence, and during the continuance, of an Event of Default, any payments in respect of the Liabilities and any proceeds of the Collateral when received by Holder in cash or its equivalent, will be applied first to costs of collection and, thereafter, in reduction of the Liabilities in such order and manner as Holder may direct in its sole discretion, and Maker irrevocably waives the right to direct the application of such payments and proceeds and acknowledges and agrees that Holder shall have the continuing and exclusive right to apply any and all such payments and proceeds in the Holder's sole discretion, notwithstanding any entry to the contrary upon any of its books and records.

7. **Events of Default.** (a) Maker shall be in default if any of the following happens (an "Event of Default"): (1) Maker fails to make any installment of the Principal or Interest, or any other payment due and owing, under this Note within ten (10) days after the same becomes due and payable; or (2) Maker fails to perform any other obligation required to be performed by Maker under this Note, the Aircraft Security Agreement or any of the other Loan Documents for thirty (30) days after written notice from Holder of such failure; or (3) any representation, warranty or other statement by or on behalf of Maker in connection with this Note is false or misleading in any material respect; or (4) an Event of Default has occurred and is continuing under the Aircraft Security Agreement.

(b) Notwithstanding anything to the contrary contained herein, upon the occurrence of an Event of Default, Holder may declare the entire outstanding balance of the Principal, together with all accrued and unpaid Interest thereon, immediately due and payable without notice or demand which amounts shall, together with all other sums due hereunder, accrue interest from such acceleration until the date of actual payment at the Default Rate ("Default Rate" shall mean an annual interest rate equal to the lesser of 18% or the maximum interest rate permitted by Applicable Law). Should there occur an Event of Default, and if a voluntary or involuntary petition under the United States Bankruptcy Code is filed by or against Maker while such default remains uncured, the entire outstanding balance of the Principal automatically shall be accelerated and due and payable with interest thereon at the Default Rate and Holder may exercise any and all of its remedies hereunder, under the other Loan Documents and under Applicable Law ("Applicable Law" shall mean all applicable Federal, state, local and foreign laws, ordinances, judgments, decrees, injunctions, writs, rules, regulations, orders, licenses, and permits of any governmental agency). The remedies of Holder provided herein, in the Aircraft Security Agreement and under Applicable Law shall be cumulative and concurrent and may be pursued singly, successively or concurrently at the sole discretion of Holder and may be exercised as often as occasion therefor shall occur. The failure to exercise, or any delay in the exercise of, any right or remedy shall in no event be construed as a waiver, release or exhaustion of any such remedies.

8. **Collection Costs.** In addition to the Principal, Interest, Prepayment Premium (if any), and late payment charges (if any), Maker shall pay Holder on demand, and Holder shall be entitled to collect all costs and expenses of collection, including, without limitation, reasonable attorneys' fees, incurred in connection with enforcement of its rights and remedies hereunder and under the other Loan Documents, the protection or realization of the Collateral or in connection with Holder's collection efforts, or in connection with any bankruptcy or other judicial proceeding, whether or not suit on this Note or any foreclosure proceeding is filed. All such costs and expenses shall be payable on demand and, until paid, shall be Liabilities secured by the security interest granted under the Aircraft Security Agreement and all other collateral, if any, held by Holder as security for Maker's obligations under this Note.

9. **Governing Law; Binding Agreement.** The provisions of this Note shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. **THIS NOTE, THE AIRCRAFT SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS ARE BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAWS PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

10. **More than One Signer.** If more than one person or entity signs this Note as a Maker, the obligations contained herein shall be deemed joint and several and all references to "Maker" shall apply both jointly and severally.

11. **General.** Maker represents and warrants that this Note evidences a loan for business or commercial purposes. Prior to signing this Note, Maker read and understood the provisions hereof, and agrees to all terms and conditions contained herein.

12. **Waiver.** MAKER AND ALL ENDORSERS, SURETIES, AND GUARANTORS HEREOF HEREBY JOINTLY AND SEVERALLY WAIVE PRESENTMENT FOR PAYMENT, DEMAND, NOTICE OF NON-PAYMENT OR DISHONOR, NOTICE OF INTENTION TO ACCELERATE THE MATURITY, NOTICE OF PROTEST AND PROTEST OF THIS NOTE. HOLDER AND MAKER HEREBY EACH WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS NOTE, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION OR PROCEEDING TO WHICH HOLDER OR MAKER MAY BE PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY, OF THIS NOTE OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER IS MADE KNOWINGLY, WILLINGLY AND VOLUNTARILY BY HOLDER AND THE MAKER WHO EACH ACKNOWLEDGE THAT NO REPRESENTATIONS HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE AND THE OTHER LOAN DOCUMENTS.

13. **Usury; Partial Invalidity.** (a) At no time shall the Interest Rate (or the Default Rate or other amounts paid or collected hereunder) exceed the highest rate allowed by applicable law for this type of loan. Should Holder ever collect interest at a rate that exceeds such applicable legal limit, such excess will be credited to the Principal.

(b) Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under the laws of any applicable jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note in any other jurisdiction.

14. **Notices.** All notices and other communications under this Note shall be in writing and shall be addressed: (a) if to Maker, 2817 Crain Hwy, Upper Marlboro, MD 20774-8968; and (b) if to Holder Key Equipment Finance Inc., 7th Floor, 66 South Pearl Street, Albany, NY 12207, Attention: Customer Service, or such other address as either party hereto shall communicate to the other party at its address specified above. All such notices and other communications shall be deemed to have been duly given if delivered by hand, overnight courier or if sent by certified mail, return receipt requested, to the party to whom such notice is intended to be given, and shall be effective upon receipt.

15. **Funding Date.** The Funding Date for this Note shall be the date on which Holder disburses funds hereunder. **TO THE EXTENT THE FUNDING DATE IS LEFT BLANK ABOVE, OR DOES NOT REFLECT THE ACTUAL DATE THAT HOLDER DISBURSES FUNDS HEREUNDER, MAKER HEREBY AUTHORIZES HOLDER TO WRITE IN THE CORRECT DATE AT THE TIME OF DISBURSEMENT.**

(Signature Page Follows)

IN WITNESS WHEREOF, Maker, intending to be legally bound, has caused this Note to be duly executed on the day and year first above written.

MAKER:

DPMG, INC.

Signature:	<u>/S/ JOE OLREE</u>
Print Name:	Joe Olree
Title:	Vice President

SECTION 302 CERTIFICATION

I, Gerald G. Barton , certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landmark Land Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2009

/s/ Gerald G. Barton

Gerald G. Barton
Chairman and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Joe V. Olree , certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landmark Land Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2009

/s/ Joe Olree

Joe V. Olree

Senior Vice President and Chief Financial Officer

SECTION 906 CERTIFICATION

In connection with the quarterly report of Landmark Land Company, Inc. (the "company") on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald G. Barton, Chairman and Chief Executive Officer of the company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the company.

Date: August 13, 2009

/s/ Gerald G. Barton

Gerald G. Barton
Chairman and Chief Executive Officer
Landmark Land Company, Inc.

SECTION 906 CERTIFICATION

In connection with the quarterly report of Landmark Land Company, Inc. (the "company") on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe V. Olree, Senior Vice President and Chief Financial Officer of the company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the company.

Date: August 13, 2009

/s/ Joe V. Olree

Joe V. Olree
Senior Vice President and Chief Financial Officer
Landmark Land Company, Inc.