

## Settlement Agreement and Release

The following parties enter into this Settlement Agreement and Release on December 4, 2013 in Virginia Beach, Virginia:

(a) Iberville Properties, Inc., Robert E. Galloway, Galloway Corporation, and Paul A. Galloway (collectively "Plaintiffs"); and

(b) Bay Creek at Cape Charles Community Association, Inc. ("Association"), Bay Creek Marina and Resort, LLC ("BCMR"), Bay Creek, LLC, Bay Creek South, LLC ("BCS"), Baymark Construction Corporation ("Baymark"), Bay Creek Resort Realty, LLC, Richard S. Foster, S. Scott Foster, Jeffrey A. Foster, Bobby Jarman, Brett A. Campbell, and Community Group, Inc. (collectively, in all capacities, "Defendants").

The parties agree to the following terms:

1. The excess proceeds from the foreclosure sale of the marina property of BCMR interpled into the Circuit Court for Northampton County shall be distributed as follows: (a) \$260,000 payable to an escrow account held by C. Albert Turner, Esq. (or such other person as may be mutually agreed by the parties) for the benefit of the Association to be used for an agreed list of infrastructure improvements in Marina Village East by an agreed deadline, with such work coordinated and supervised by Baymark; (b) \$50,000 payable to Bay Creek, LLC and/or assigns; and (c) the balance payable to Galloway Corporation and/or assigns.

2. At the Closing (as defined below), Bay Creek, LLC shall execute and deliver a deed conveying its interests in the lighthouse parcel, Parcel 2, Section II, Bayside Village, Tax Map No. 00090-17-BLK-00 000LHP, to Galloway Corporation and/or assigns. This transfer described in the prior sentence does not include any personal property contained within the lighthouse which shall remain the property of Bay Creek, LLC and may be removed by Bay Creek, LLC prior to the conveyance. The deed conveying the property shall contain a covenant running with the land in favor of the Association which requires the owner, its successors and/or assigns, (a) to maintain the exterior of the structure in good repair in accordance with the community wide standard; and (b) to retain its exterior appearance as a historic lighthouse with the same color scheme used as of the date of this Settlement Agreement.

3. BCS shall pay Galloway Corporation \$450,000 at the time of closing ("Closing"). The Closing shall be held in the office of Pender & Coward on the first business day following entry by the Court of the order approving the settlement of the derivative claims.

4. At the Closing, Plaintiffs, on behalf of themselves (both individually and derivatively on behalf of the Association) and their respective parent entities, subsidiaries, affiliates, assigns, predecessors-in-interest, successors-in-interest, officers, directors, members, employees, representatives, and attorneys and agents, shall execute and deliver a release which shall absolutely and forever release and discharge Defendants, together with their personal representatives, heirs, successors, and assigns, from any and all claims, liabilities, damages, expenses, attorneys fees, costs, interest, and causes of action, known or unknown, of whatever

kind and howsoever arising, that are contained within any of the lawsuits filed by Plaintiffs and the claims proposed by Plaintiffs in the Fourth Amended Complaint, including specifically any claims to any membership interest in BCMR and/or any subsidiaries.

5. At the Closing and except as expressly excluded herein, Defendants, on behalf of themselves and their respective parent entities, subsidiaries, affiliates, assigns, predecessors-in-interest, successors-in-interest, officers, directors, members, employees, representatives, and attorneys and agents, shall execute and deliver a release which shall absolutely and forever release and discharge Plaintiffs, together with their personal representatives, heirs, successors, and assigns, from any and all claims, liabilities, damages, expenses, attorneys fees, costs, interest, and causes of action, known or unknown, of whatever kind and howsoever arising, that arise out of or relate to the allegations contained within any of the lawsuits filed by Plaintiffs or Defendants. Notwithstanding the foregoing, nothing contained herein shall be construed as a release of any past, current or future assessments due to the Association by Plaintiffs. The funds deposited by the Plaintiffs to secure the judgment held by the Association shall be released to the Association subject to adjustments to late fees and interest, if any, necessary to comply with any statutory limitations.

6. Plaintiffs shall not disparage, make, publish or utter any derogatory statements to any third party concerning any of the Defendants. Defendants shall not disparage, make, publish or utter any derogatory statements to any third party concerning any of the Plaintiffs.

7. Plaintiffs shall dismiss with prejudice all of the counts in all of the lawsuits which they have filed against any of the Defendants provided that dismissal of the derivative claims shall be subject to court approval through entry of an order confirming the reasonableness of the resolution of the derivative claims made by the Plaintiffs on behalf of the Association. Promptly after execution of this Settlement Agreement, the Association shall issue a notice to the unit owners of the Association, which in no way disparages Richard S. Foster, describing resolution of the derivative claims and providing the unit owners with thirty (30) days to object to the settlement in writing to the Association, specifying the reasons for such objection and indicating the ownership interest on which the right to object is based. Unless unit owners representing more than 50% of the units owned by Class A members as defined in the Declaration object in writing to this settlement, this settlement shall be deemed accepted by the unit owners. The Parties shall not object to the settlement nor solicit any objections from other unit owners. Upon receipt of objections from more than 50% of the units owned by Class A members as defined in the Declaration, the objections shall be presented to the Court to take such further action as the Court deems necessary and appropriate. Defendants shall dismiss with prejudice all claims and/or counterclaims filed against Plaintiffs.

8. Immediately following execution of this Settlement Agreement, counsel for the parties shall prepare the deed, releases, dismissal orders, notices, and approval orders and any other documents contemplated by this Settlement Agreement.

PAUL A. GALLOWAY

Paul A. Galloway  
Date: 12/4/13

ROBERT E. GALLOWAY

Robert E. Galloway  
Date: 12/4/2013

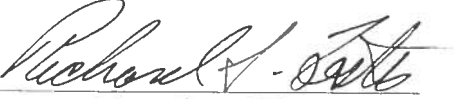
IBERVILLE PROPERTIES, INC.

By R. Galloway  
Date: 12/4/2013

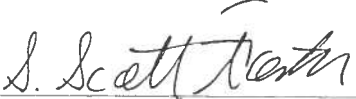
GALLOWAY CORPORATION

By Paul A. Galloway  
Date: 12/4/13

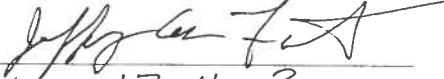
RICHARD S. FOSTER

  
Date: 12-4-13

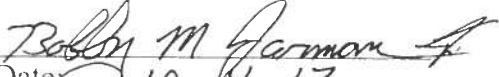
S. SCOTT FOSTER

  
Date: 12-4-13

JEFFREY A. FOSTER

  
Date: 12.4.13

BOBBY JARMAN

  
Date: 12.4.13

BAY CREEK AT CAPE CHARLES  
COMMUNITY ASSOCIATION, INC.

By Richard S. Jantz  
Date: 12-4-13

BAY CREEK MARINA AND RESORT,  
LLC

By Richard S. Jantz  
Date: 12-4-13

BAY CREEK, LLC

By Richard S. Jantz  
Date: 12-4-13

BAYMARK CONSTRUCTION  
CORPORATION

By Richard S. Jantz  
Date: \_\_\_\_\_

BAY CREEK RESORT REALTY, LLC

By Richard S. Jantz  
Date: 12-4-13

THE FOLLOWING PARTIES JOIN IN PARAGRAPHS 4, 5, 6, 7, AND 8 AND WITHOUT LIABILITY FOR THE OBLIGATIONS SET FORTH IN PARAGRAPHS 1, 2, and 3.

**BRETT A. CAMPBELL**

Brett A. Campbell  
Date: 12-4-13

**COMMUNITY GROUP, INC.**

By Wael C. [Signature]  
Date: 12-4-13

BAY CREEK SOUTH, LLC

By: W Gary Dorsch  
W. Gary Dorsch, president