

August 19, 1999

Mr. Chris Sanders
President
Armada/Hoffler Construction Company
1435 Crossways Boulevard, #300
Chesapeake, VA 23320

RE: AGM Development Corporation

Dear Mr. Sanders:

On August 9, 1999, Resource Bank (Bank) provided Bernard Shumate, of your office, with copies of all invoices sold to the Bank by AGM pertaining to the Armada Hoffler Portsmouth Renaissance Hotel project. At the time the invoices were given to Mr. Shumate, the Bank requested that Armada Hoffler review the invoices and provide to the Bank the following information:

1. Payment status of each invoice.
2. Percentage of job completion by AGM
3. Amount paid to date to AGM
4. Amount remaining to be paid and the expected date of payment
5. Retainage amount

The only information that we have received to date has been the enclosed letter from Armada Hoffler's attorney, A. T. Mayo.

{ As you know, the Bank has provided Armada Hoffler's employees complete access to all records in its possession which pertain to the Renaissance project. In addition, Bank staff members spent considerable time copying many documents that were requested by your employees. At all times, the Bank has cooperated fully with your staff.

It would be greatly appreciated if we could receive replies to items one through five as listed above. Please call me with any questions or comments.

Thank you for your assistance.

Sincerely,

Mary E. Smith

Mary testified under oath that no one asked for access, she didn't give anyone any access & she made no copies for anyone.

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