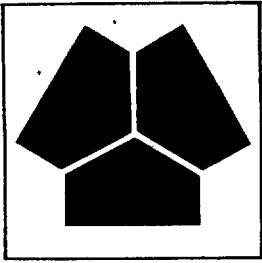


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PALMS ASSOCIATES

REAL ESTATE MANAGEMENT — DEVELOPMENT

U.S. DEPT. OF LABOR
PUBLIC DISCLOSURE
05 AUG -5 AM 11:02

P. O. BOX 2008

VIRGINIA BEACH, VIRGINIA 23450

TELEPHONE (757) 340-3669

WWW.PALMS.NET

VIA CERTIFIED MAIL

Top Hat Plan Exemption
Employee Benefits Security Administration
Room N-1513
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Sirs:

The following statement is intended to comply with the alternative method of satisfying the reporting and disclosure requirements of Part I, Title I of ERISA, as contained in Department of Labor regulation section 2520.104-23.

Name of Employer: Palms Associates
Address of Employer: 397 Little Neck Road, 3400 Building
Suite 200
Virginia Beach, Virginia 23452
Employer Identification Number: 54- 1311553

Plan of Deferred Compensation: Palms Associates entered into a deferred compensation agreement with one executive employee of the company effective as on July 1, 2005.

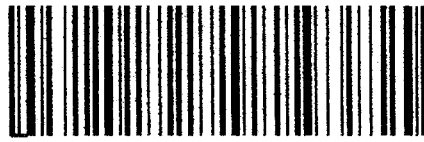
Declaration: Palms Associates maintains the deferred compensation agreement primarily for the purpose of providing deferred compensation for a member of a select group of management or highly compensated employees.

PALMS ASSOCIATES

By: *M. Simon*, Trustee
Its: MANAGING PARTNER

SOURCES
STATES
BACK ROAD
SUITE 200
RICH VA 23452

Top Hat Plan Exemption
Employee Benefits Security Administration
Room N-1513
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210



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