



October 30, 2015

Mr. Thomas Mukomal
President
IGY-AYH St. Thomas Holdings, LLC
717 5th Avenue 18th Floor
New York, New York 10022

**Re: Commercial Term Loan \$12,979,200.00
(Original balance \$15,300,000.00)**

Dear Mr. Mukomal:

We are pleased to advise you that Banco Popular de Puerto Rico (the "Bank") has approved a credit accommodation in the amount of Twelve Million Nine Hundred Seventy Nine Thousand Two Hundred and 00/100 Dollars (\$12,979,200.00) (the "Loan"), to IGY-AYH St. Thomas Holdings, LLC., (the "Borrower"). The Loan shall be advanced on the terms, security and subject to compliance with the conditions set forth below:

The proceeds of the Loan, as outlined below, are to be used for such purposes and for such purposes only as related below.

1. DESCRIPTION OF AMOUNT, PURPOSE, REPAYMENT TERMS AND INTEREST RATE:

Term Loan

A. AMOUNT: \$12,979,200.00

B. PURPOSE:

The purpose of the facility is the restructure the interest rate and maturity date of commercial loan number 104-9002644991-9001.

C. REPAYMENT TERMS

OPTION I

Term: Two (2) years based on a twenty five (25) year amortization schedule.

Repayment Schedule:

The loan shall be repaid as follows: (i) Twenty three (23) consecutive monthly installments of Principal of \$33,000.00 plus Interest, and (ii) a twenty fourth (24th) and final installment of \$12,220,200.00 plus accrued interest to the date of final payment.

OPTION II

Term: Seven (7) years, based on a twenty five (25) year amortization schedule.

Repayment Schedule:

The loan shall be repaid as follows: (i) Eighty Three (83) consecutive monthly installments of Principal of \$33,000.00 plus Interest, and (ii) an eighty fourth (84th) and final installment of \$10,240,200.00 plus accrued interest to the date of final payment.

The note may be paid at any time, and from time to time in whole or in part, without any premium or penalty.

D. INTEREST RATE:

OPTION I

Fixed Interest Rate of Two Hundred Ninety Two Basis Points (2.92%) based on fixed applicable margin two-year swap.

OPTION II

Fixed Interest Rate of Four Hundred Ninety Five Basis Points (4.95%)

Interest shall be calculated on a 360-day basis and shall be paid on the first day of each month following the closing. Interest not paid when due shall be compounded monthly.

2. RESTRUCTURE FEE:

One Half Percent ($\frac{1}{2}\%$) of the loan balance, Sixty Four Thousand Eight Hundred Ninety Six and 00/100 Dollars (\$64,896.00), only if Option II is selected.

3. COLLATERAL AND SECURITY INSTRUMENTS:

The Loan shall be evidenced by the Note of the Borrower in form and substance satisfactory to the Bank and its Counsel (the "Note"). The Credit Facility will be secured by a first priority mortgage and security interest on the Property and in all assets of the Borrower including, but not limited to: (i) title insured first mortgage covering the Property; (ii) assignment of lease contracts, rents, accounts receivable and other revenues; (iii) assignment of the Interest Rate Hedge and the proceeds; (iv) assignment of all permits, licenses and material contracts with respect to the Project; and (v) any other items customary for transactions of this type. The Note shall also be secured by the following:

- A. Fee simple interest in 2.12 acres of land described as Parcel Nos. 18A-1 Remainder, 18B-1 Remainder, and 18B Remainder Estate Smith Bay, No.1, 2 & 3 East End Quarter, St. Thomas, Virgin Islands.;
- B. A long term lease (initially for 10 years and all subsequent renewals) with the Government of the USVI through the Department of Planning and Natural Resources for the use of 0.641 acres of submerged land that presently house a marina under Coastal Zone Management Permit Nos. CZT-4-99W with effective dates of September 14,2000 (to expire on September 14, 2010); CZT-81-87L effective May 12, 1988 (effective upon its signing by the Chairman of the Coastal Zone Management Commission, pursuant to VI Code Title 12, Chapter 21) (to expire when land based facilities are completed; and CZT-53-85SL (Renewal Slip No. 31; 216 and CZT-137-81W) with effective date of January 24, 1986 (to expire February 11, 2011), respectively.

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- C. An Assignment of Coastal Zone Management Major Permit Nos. CZT-4-99W; CZT-53-85 SL) and CZT-81-87(L). Assignor MOF VI Limited Partnership and Assignee IGY-AYH St. Thomas Holdings, LLC approved January 12, 2007 by Austin M. Monsanto, Chairman of the St. Thomas Coastal Zone Management Commission.
- D. A valid and perfected security interest (the "Security Interest") in all inventory, on the site as stored or in transit, accounts receivable, machinery, apparatus, equipment, fittings, fixtures and articles of personal property used or procured for use in connection with the operation of the property described in Paragraph A - C above.
- E. Limited Guaranty of Island Global Yachting, Ltd.

The property described in the foregoing clauses A thru D are for convenience, referred to as the "Mortgaged Property." Title to the Mortgaged Property shall be satisfactory to and approved by the Bank's counsel and the Mortgaged Property shall be free and clear of all liens, charges, and encumbrances on a parity with or prior to the lien and encumbrance of the Security Interest. The Security Agreement is sometimes hereinafter referred to collectively as the "Security Instruments."

4. LOAN DOCUMENTATION:

All loan documents shall be prepared by the Bank's counsel in form and substance satisfactory to the Bank and its counsel and shall include, but not necessarily be limited to, the following:

- A. An amended Loan Agreement, the amended Note, the Security Instruments and such other documents as may be necessary to evidence and provide security for the Loan, as identified in this Commitment, and as determined by the Bank.
- B. Such other documents and materials as the Bank may reasonably require in order to close the Loan pursuant to the terms of this Commitment.

5. CLOSING:

Subject to your compliance with the conditions hereof, the closing of the Loan (the "Closing") shall take place at the Bank's office in St. Thomas, U.S. Virgin Islands, (or at such other mutually agreeable place) on or before December 11, 2015. If the closing does not occur on or prior to said date, the Bank shall have no further obligation hereunder.

At the Closing, the Note, the amended Loan Agreement, the Security Instrument and all other instruments required to be executed shall be duly executed and delivered in form and substance satisfactory to the Bank and its counsel, and the Bank shall receive copies of all such documents or other evidence as it or its counsel may reasonably request to establish the validity and enforceability of all instruments required to be executed and delivered at the closing.

6. ITEMS TO BE FURNISHED ON OR PRIOR TO THE CLOSING:

On or prior to the closing:

- A. An amended Loan Agreement (the "Loan Agreement") shall have been entered into between the Borrower, the Guarantor and the Bank which shall provide, among other things, and in addition

to the Bank's standard and customary clauses and provisions, the affirmative and negative covenants set forth below.

- B. The Bank shall have received:
 - (i) policies of insurance covering risk of loss or damage to all of the Borrower's property, real and personal, including, but not limited to, the Mortgaged Property by (a) fire, windstorm, earthquake and the hazards covered by extended coverage endorsements, (b) flood insurance, if the premises are located in a flood prone area, and (c) such other insurable hazards as the Bank may require which policies shall be in form, amounts and with companies satisfactory to the Bank and shall provide that loss hereunder shall be payable to the Bank and the Borrower under standard mortgagee clauses without contribution;
 - (ii) evidence of Coverage of the Borrower as appropriate by Comprehensive General and Excess Liability Insurance, including Employer's Liability, "Stop-Gap", Personal Injury, hired and no-owned autos, products/completed operations, independent contractors (if any), blanket liability broad form, property damage and personal injury, in form, in an amount, and with companies satisfactory to the Bank; and Insurance coverage must be provided by a company with a current rating by [REDACTED]. Best & Company rating of A5 or better.
- C. Updated Appraisal for the Mortgaged Property. A test that will be satisfied if the Project's value, as determined by an appraiser reasonably provides the Lenders with a Loan to Value Ratio of not more than 75%.
- D. An opinion letter of counsel for the Borrower and the Guarantor in form and substance satisfactory to the Bank and the Bank's counsel.
- E. Evidence of subordination of all shareholder/member loans to the Borrower to the Loan;
- F. Lien searches on all assets being pledged to the Bank as security for the Loan showing no liens on said assets other than the Bank's first priority security interest.
- G. All such other documents which the Bank shall request.

7. LOAN AGREEMENT:

A. Affirmative Covenants:

The Loan Agreement will provide that so long as credit shall remain available thereunder and until payment in full of the Note, unless the Bank shall otherwise consent in writing, the Borrower and the Guarantor will:

- (i) furnish or cause to be furnished annually, audited financial statements of the Borrower and audited financial statements of the Guarantor(s) to be provided within one hundred twenty (120) days of the end of each fiscal year, reflecting aggregate financial worth satisfactory to the Bank, and such further information regarding the business affairs and financial condition of the Borrower at such times, in such manner, and in such form as the Bank may require, which statements shall be prepared in such manner and by such persons as are acceptable to the Bank;

- (ii) pay and discharge all taxes imposed on them;
- (iii) obtain and maintain the policies of insurance required by this commitment and the Loan Agreement;
- (iv) allow the Bank to inspect the books, records and operations of the Borrower and the Guarantor;
- (v) subordinate all existing and future stockholder loans;
- (vi) give notice to the Bank of all litigation and proceedings where the amount involved is in excess of \$100,000.00, or which, if determined, would have a material adverse effect on the financial condition or business of the Borrower or the Guarantor; and
- (vii) maintenance of a minimum 1.25 Debt Coverage Ratio.

B. Negative Covenants:

The Loan Agreement will also provide that so long as credit shall remain available thereunder and until payment in full of the Notes, unless the Bank shall otherwise consent in writing, the Borrower and the Guarantor will not:

- (i) mortgage, pledge, hypothecate, transfer assign, or suffer to exist any lien whether voluntarily or involuntarily on the Mortgaged Properties, except market leases, insurance premium financing and liens in favor of the Bank;
- (ii) create or incur any indebtedness or obligation for borrowed money except (1) indebtedness to the Bank, (2) under approved subordinate shareholders' and guarantor's loans or (3) development financing of the Borrowers with respect to properties owned by the Borrowers other than the Mortgaged Properties, provided that, with respect to such development financing, the Bank shall have the right of first refusal to provide such financing; nor
- (iii) sell, lease, transfer or otherwise dispose of any of its assets except in the ordinary and regular course of its business.

C. Other Provisions:

The Loan Agreement will also contain other provisions:

- (i) defining the purpose for which the Loan is being made;
- (ii) describing the manner in which the restructuring of the Loan is being made.

8. FEES AND EXPENSE:

Your acceptance hereof shall constitute your agreement to pay or cause to be paid, in addition to the Commitment Fees referred to above, and whether or not the Loan closes, all fees and expenses of the Bank in connection with the Loan, including, but not limited to charges for title examination and insurance, surveys, fees of our counsel, fees of our appraiser, recording fees and taxes and such other out-of-pocket expenses as the Bank shall incur.

12. COMMISSIONS:

Any commissions, fees, or other compensation which may become due to any broker or other person in connection with this transaction shall not be the Bank's responsibility. Further, the Borrower shall indemnify the Bank against payment of any such fees, commissions or other commitment, and compensation due or claimed to be due by any such broker or other person.

14. EVENTS OF DEFAULT:

The principal amount then outstanding and all interest accrued thereon shall, at the option of the Bank, immediately become due and payable upon written notice and the security interests of the Bank shall immediately become enforceable if any of the following events of default occur:

- A. Failure to pay principal or interest for a period of ten days after such payment it is due;
- B. Any voluntary act of insolvency or bankruptcy of the Borrower or the Guarantor or any involuntary appointment of a Trustee, Liquidator or Receiver in bankruptcy for the Borrower or the Guarantor which is not discharged within 60 days; or
- C. Default under any of the terms of the loan documents executed in connection with the Loan is not cured within the time period provided for such default.

15. TERMINATION OF COMMITMENT BY BANK:

- A. The Bank reserves the right to terminate this Commitment by notice in writing to the Borrower upon the occurrence of any one or more of the following events:
 - i. The Borrower or the Guarantor shall fail to comply in a timely way with any of the terms, provisions or conditions of the Commitment;
 - ii. The financial condition of the Borrower or the Guarantor or if the physical condition of the Mortgaged Premises, shall adversely change in any material respect from the condition of any of the foregoing represented in the information and documentation submitted by the Borrower or the Guarantor in support of its application for the Loan;
 - iii. Prior to the closing date of the Borrower or the Guarantor shall admit in writing its inability to pay its debts generally as they become due, or consent to the appointment of a receiver of all or any part of its property, or make any assignment for the benefit of creditors, or file a petition in bankruptcy or for reorganization pursuant to the bankruptcy code or any similar law;
 - iv. Prior to the closing date any of the creditors or the Borrower or the Guarantor shall file a petition in bankruptcy against the Borrower or the Guarantor or for the reorganization of the Borrower or the Guarantor, pursuant to the bankruptcy code or any similar law; or
 - v. The Borrower or the Guarantor has provided the Bank with any false or misleading information or signature at any time in connection with the Borrower's application for the Loan or this commitment.

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B. Upon such termination, the obligations and liabilities of the Bank under the Commitment shall cease and terminate without further act.

16. WAIVER OF RIGHTS OF LENDER:

No failure or delay in exercising any right, option, power or privilege under this commitment shall operate as a waiver or that thereof, nor shall any single or partial exercise of any right, option, power or privilege preclude any other or further exercise of that or any other right, option, power or privilege by the Bank.

17. SURVIVAL OF COVENANTS:

This commitment, and the covenants herein contained, shall survive the Closing and each and every one of the Borrower's covenants contained in this commitment shall be continuing covenants and obligations until the Loan has been repaid in full and all obligations of the Borrower to the Bank have been completely performed.

18. NOTICES:

All notices and other communications required under this Commitment and the Loan shall be hand delivered or telecopied or mailed by first class registered mail or certified mail, postage prepaid, return receipt requested, addressed as follows (or at such other address as such party shall have furnished to the other party in writing) if to the Borrower or the Guarantor:

Mr. Thomas Mukomal
President
IGY-AYH St. Thomas Holdings, LLC
717 5th Avenue 18th Floor
New York, New York 10022

with a copy to:

IGY-AYH St. Thomas Holdings, LLC
Legal Department
717 5th Avenue 18th Floor
New York, New York 10022

and in the case of the Bank to:

Banco Popular de Puerto Rico
P.O. Box 8580
St. Thomas, U.S. Virgin Islands 00801-8580
Telephone No. (340) 693-2716
Facsimile No. (340) 693-2794

Attention: Cassandra P. Webster
Assistant Vice President

with a copy to:

Dudley, Topper & Feuerzeig, LLP
P.O. Box 756
No. 1A Frederiksberg Gade
St. Thomas, U.S. Virgin Islands 00802
Telephone No. (340) 774-4422
Facsimile No. (340) 715-4400

19. ASSIGNMENT:

This commitment may not be assigned by you without the Bank's prior written consent, and any such purported assignment shall be null and void and thereupon shall give the Bank the right to terminate this commitment forthwith.

20. ACCEPTANCE OF COMMITMENT:

This commitment shall be void unless on or before thirty (30) days from the date hereof you shall evidence your acceptance of and agreement with the terms hereof by signing in the place indicated and returning the enclosed copy of this letter.

21. SUCCESSORS AND ASSIGNS:

This Agreement shall extend to and be binding upon heirs, successors and assigns of the parties hereto, provided Borrower shall not assign or transfer its rights or obligations hereunder without the Bank's prior written consent and the Bank shall exercise all powers and authority granted to it under this Agreement without any liability on its part.

22. THE BANK, THE BORROWER AND THE GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREIN, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS COMMITMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK ENTERING INTO THIS COMMITMENT AND MAKING ANY LOAN, ADVANCE OR OTHER EXTENSION OF CREDIT TO THE BORROWER. FURTHER, THE BORROWER AND THE GUARANTOR HEREBY CERTIFY THAT NO REPRESENTATIVE OR AGENT OF BANK OR THE BANK'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF THE BANK OR THE BANK'S COUNSEL HAS THE AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

23. APPLICABLE LAW:

All matters relating to this commitment including, without limitation, all notes and security or other agreements provided or entered into pursuant to this commitment shall be governed by and construed under the laws of the U.S. Virgin Islands.

24. COMPLIANCE WITH LAWS:

The Loan which is the subject matter of this Commitment, and the proposed and actual use of the proceeds thereof, must comply in all respects with all laws, statutes, ordinances, rules and regulations of all governmental and quasi-governmental authorities having or claiming jurisdiction over the same.

25. BORROWER'S AND GUARANTOR'S REPRESENTATION:

The Commitment has been issued to the Borrower on the basis of all information, materials and data supplied to the Bank by the Borrower and the Guarantor. Any significant misrepresentation therein

contained shall, at the Bank's option, exercised by written notice to the Borrower, terminate any and all obligations of the Bank under the Commitment.

26. THIRD PARTIES - BENEFIT - MISCELLANEOUS:

- A. All conditions of the obligations of the Bank to make the Loan are imposed solely and exclusively for the benefit of the Bank and its assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that the Bank will refuse to make or be entitled to assume that the Bank will refuse to make advances of the proceeds of the Loan in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions. The terms and provisions of the Commitment are for the benefit of the parties hereof and no other person shall have any right or cause of action on account thereof.
- B. Nothing contained in the Commitment shall be construed in a manner to create any relationship between the Borrower or the Guarantor and the Bank other than the relationship of borrower and lender, and the Borrower or the Guarantor and the Bank shall not be considered partners or co-venturers for any purpose.
- C. By accepting or approving anything required to be observed, performed or fulfilled by the Borrower or the Guarantor or to be given to the Bank pursuant to the terms of the Commitment, including without limitation, any certificate, balance sheet, statement of profit and loss or other financial statement, survey, receipt, appraisal or insurance policy, the Bank shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any terms, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation to any party with respect thereto by the Bank.

All other terms and conditions as in the Summary of Indicative Terms and Conditions \$15,300,000.00 Permanent Term Loan dated March 19, 2007 and loan documents dated August 22, 2007 shall remain unchanged.

I sincerely trust that the above Commitment will serve your present banking needs. Accordingly, I look forward to a mutually beneficial, working relationship with you. I will be available, at your convenience, to review all particulars.

Kindly acknowledge your understanding and acceptance of the Bank's commitment to lend pursuant to the foregoing provisions by signing the attached copy of this letter, returning same to the undersigned.

Very truly yours,



Cassandra P. Webster
Assistant Vice President

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APPROVED AND ACCEPTED

IGY-AYH ST. THOMAS HOLDINGS, LLC

By: _____
Thomas Mukomal, President

Date: _____

By: _____
_____, Secretary

Date: _____

GUARANTOR

ISLAND GLOBAL YACHTING, LTD

By: _____
Thomas Mukomal, President

Date: _____

By: _____
_____, Secretary

Date: _____

[Please initial Pages 1 through 9 in the lower right hand margin]