

TRANSCONTINENTAL REALTY INVESTORS INC
Form SC 13D
July 09, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. __)

TRANSCONTINENTAL REALTY INVESTORS, INC.

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

893617-20-9

(CUSIP Number)

Sandy Marr

1055 East Tropicana Avenue

Suite 700

Las Vegas, Nevada 89119

(702) 795-8901

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

June 10, 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Sections 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 893617-20-9

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Sunset Management, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) []

(b) []

3. SEC Use Only

4. Source of Funds (See Instructions) AF and WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) []

6. Citizenship or Place of Organization: Nevada

Number of Shares	7. Sole Voting Power 3,673,125
Beneficially Owned by Each	8. Shared Voting Power 0
Reporting Person With	9. Sole Dispositive Power 10
	10. Shared Dispositive Power 0

11. Aggregate Amount Beneficially Owned by Each Reporting Person 3,673,125

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) []

13. Percent of Class Represented by Amount in Row (11) 45.5%

14. Type of Reporting Person (See Instructions) OO

Item 1. Security and Issuer

The title of the class of equity securities to which this statement relates is: shares of Common Stock, par value \$0.01 per share. The name and address of the principal executive offices of the issuer of such securities are: Transcontinental Realty Investors, Inc., 1800 Valley View Lane, Suite 300, Dallas, Texas 75234.

Item 2. Identity and Background

- (a) The name of the filing entity is Sunset Management, LLC ("Sunset"), a Nevada limited liability company.
- (b) The business address of Sunset is 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada 89119.
- (c) The name of the filing entity is Sunset Management, LLC. The principal business of Sunset is lending money. The principal place of business of Sunset is 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada 89119.
- (d) John K. Baldwin, an individual resident of the State of Nevada having an address at 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada 89119, is the sole member, manager and beneficial owner of Sunset. Neither Sunset nor any of its affiliates, including John K. Baldwin, has been convicted in a criminal proceeding during the last five years (excluding traffic violations or similar misdemeanors).

- (e) Neither Sunset nor any of its affiliates, including John K. Baldwin, was a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
- (f) Sunset is a limited liability company organized under the laws of the State of Nevada.

Item 3. Source and Amount of Funds or Other Consideration

Sunset acquired ownership of ten shares of Transcontinental Realty Investors, Inc. ("TCI") by purchasing such shares on the open market. The total purchase price of the ten shares was approximately \$170. The purchase price was paid from working capital of Sunset.

Sunset made a loan of \$30,000,000 on September 17, 2001 (the "Sunset Loan") to EQK Holdings, Inc., a Nevada corporation ("EQK"), Basic Capital Management, Inc., a Nevada corporation ("BCM") American Realty Trust, Inc., a Georgia corporation ("ART") and ART Williamsburg, Inc., a Nevada corporation ("AWI") (collectively, the "Borrowers"). The Sunset Loan was initially secured by, among other things, a pledge of 3,523,115 shares of common stock of TCI. The number of shares of common stock of TCI pledged to secure the Sunset Loan was increased by 150,000 shares to a total of 3,673,115 on February 25, 2002. Sunset acquired the right to vote the 3,673,115 shares of TCI pledged to secure the Sunset Loan pursuant to Irrevocable Proxies by EQK, BCM and ART in favor of Sunset dated June 7, 2002. The documents evidencing the pledge and the voting rights of Sunset consist of: (1) a Stock Pledge and Security Agreement among Sunset, as Lender, EQK, as Pledgor, and Commonwealth Land Title Insurance Company, a Pennsylvania corporation, as Pledge Holder ("Commonwealth") dated as of September 17, 2001 relating to the pledge of 2,129,701 shares of TCI; (2) a Stock Pledge and Security Agreement among Sunset, as Lender, BCM, as Pledgor, and Commonwealth, as Pledge Holder, dated as of September 17, 2001 relating to the pledge of 920,507 shares of TCI; (3) a Stock Pledge and Security Agreement among Sunset, as Lender, ART, as Pledgor, and Commonwealth, as Pledge Holder, dated as of September 17, 2001 relating to the pledge of 472,907 shares of TCI; (4) a letter agreement among Sunset, ART and Commonwealth dated February 25, 2002 relating to the pledge of 150,000 additional shares of TCI by ART; (5) an Irrevocable Proxy dated June 7, 2002 by EQK in favor of Sunset relating to 2,129,701 shares of TCI; (6) an Irrevocable Proxy dated June 7, 2002 by BCM in favor of Sunset relating to 920,507 shares of TCI; and (7) an Irrevocable Proxy dated June 7, 2002 by ART in favor of Sunset relating to 622,907 shares of TCI. The proceeds of the Sunset Loan were derived from working capital of Sunset and from a loan to Sunset from Bridge Aina Le'a, LLC, a Hawaii limited liability company, an affiliate of Sunset.

Item 4. Purpose of Transaction

Sunset purchased ten shares of TCI to assure that Sunset received communications by TCI to its shareholders.

Sunset acquired voting rights to 3,673,115 shares of TCI to protect the value of Sunset's security interest in the 3,673,115 shares of TCI pledged as collateral for the Borrower's obligations to Sunset.

- (a) Sunset has no plan to purchase or acquire voting rights to any additional shares of TCI. The Sunset Loan matured in accordance with its terms on September 17, 2002. The Borrowers failed to pay all sums due to Sunset when the Sunset Loan matured on September 17, 2002. According to Sunset's records, as of June 18, 2003, the Borrowers owed principal, late charges, interest and costs to Sunset in excess of \$18,000,000. Sunset, Commonwealth, the Borrowers and other parties are involved in litigation concerning the Sunset Loan captioned *American Realty Trust, Inc., et al. v. Sunset Management LLC, et al.*, Cause No. 02-09433-I in the District Court of Dallas County, Texas, 162nd Judicial District, as a result of the Borrowers failure to pay all sums due to Sunset when the Sunset Loan matured and as a result of the Borrowers' allegations that Sunset orally agreed in September, 2002 to extend the maturity date of the Sunset Loan and accept different collateral for the Sunset Loan. Sunset plans to foreclose on the pledged TCI shares as soon as possible. Sunset has filed claims in the pending litigation alleging the occurrence of defaults in payment and performance of the Sunset Loan by, among other parties, the Borrowers.
- (b) Sunset has no plans for an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving TCI or any of its subsidiaries.
- (c) Sunset has no plans for a sale or transfer of a material amount of assets of TCI or any of its subsidiaries.
- (d) Sunset decided to vote the 3,673,115 shares for which Sunset has voting rights under its Irrevocable Proxies from EQK, BCM and ART at the annual meeting of shareholders of TCI on June 10, 2003. At the annual meeting of shareholders of TCI on June 10, 2003, Sunset voted the 3,673,115 shares for which Sunset has voting rights under its Irrevocable Proxies from EQK, BCM and ART against the election of the four directors nominated by the management of TCI and in favor of the election of four affiliates of Sunset that Sunset nominated to serve as directors of TCI. Robert Waldman, the corporate secretary of TCI and acting inspector of elections at the annual meeting of shareholders on June 10, 2003, stated at the meeting that Sunset's attempt to exercise voting rights under its Irrevocable Proxies for the 3,673,115 shares was improper and would not be allowed. Mr. Waldman also stated at the meeting that the Irrevocable Proxies in favor of Sunset allowed EQK, BCM and ART the "absolute right" to vote the 3,673,115 shares of TCI so long as there were no events of default under the Sunset loan agreement; Mr. Waldman's statement about that matter was inaccurate. Mr. Waldman also observed at the meeting that he had no evidence before him from a court of law finding that an event of default had occurred with respect to the Sunset Loan and stated that "therefore, I will not honor these proxies at this time." The Irrevocable Proxies from EQK, BCM and ART in favor of Sunset contain no requirement that a court of law make any finding that an event of default has occurred as a condition to Sunset's exercise of its voting rights under the Irrevocable Proxies.

It is the position of Sunset that Sunset's exercise of voting rights under the Irrevocable Proxies from EQK, BCM and ART at the annual meeting on June 10, 2003 was proper; that Sunset's vote of 3,673,115 shares against the election of the four management nominees exceeded the aggregate number of shares that voted for their election; and that the four management nominees were not reelected as directors on June 10, 2003. Sunset intends to pursue appropriate legal remedies to replace the four management directors of TCI as soon as possible. Sunset would prefer to replace the four management directors with neutral individuals who would immediately stop the making of unsecured loans by TCI to affiliates of BCM and other related party transactions. If neutral individuals with satisfactory backgrounds and knowledge are unavailable, Sunset intends to nominate and vote for the election of affiliates of Sunset as directors of TCI on an interim basis until neutral individuals with satisfactory backgrounds and knowledge can be elected as directors.

- (e) Sunset has no plans for any material change in the present capitalization or dividend policy of TCI.
- (f) Sunset plans to use its best efforts to cause TCI to stop the making of unsecured loans to affiliates of BCM and to cause TCI to refrain from all other related party transactions with BCM and its affiliates. Sunset also plans to use

it best efforts to take appropriate steps to terminate the management and related contracts of BCM and BCM's affiliates with TCI as soon as possible. Sunset has no other plans for any other material change in TCI's business or corporate structure.

- (g) Sunset has no plans for changes in TCI's articles of incorporation or bylaws or other actions which may impede the acquisition of control of TCI by any person.
- (h) Sunset has no plans to cause a class of securities of TCI to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association.
- (i) Sunset has no plans with respect to a class of equity securities of TCI becoming eligible for termination of registration pursuant to Section 12(g)(4) of the 1934 Act.
- (j) Sunset has no plans with respect to any action similar to any of those enumerated above.

Item 5. Interest in Securities of an Issuer

- (a) According to TCI's 10-Q report for the quarter ended March 31, 2003 filed on May 20, 2003, 8,072,594 shares of common stock of TCI were outstanding on April 30, 2003. The ten shares of TCI owned by Sunset and the 3,673,115 shares of TCI for which Sunset has voting rights pursuant to the Irrevocable Proxies together represent 45.5% of the outstanding shares of TCI.
- (b) Sunset has sole power to vote 3,673,125 shares of TCI. Sunset has sole power to dispose of ten shares of TCI.
- (c) Neither Sunset nor any of its affiliates has had any transactions in any shares of common stock of TCI that were effected during the past sixty days.
- (d) The Stock Pledge and Security Agreements relating to the pledge by EQK, BCM and ART of 3,673,115 shares of TCI to secure the Sunset Loan provide for or permit the pledged TCI shares, all dividends thereon and all foreclosure proceeds to be held by a third party pledge holder acting solely as agent for Sunset. The initial pledge holder named in the Stock Pledge and Security Agreements was Commonwealth Land Title Insurance Company, a Pennsylvania corporation ("Commonwealth"). The principal office of Commonwealth is located at 101 Gateway Centre Parkway, Richmond, Virginia 23236. On May 23, 2002, Sunset substituted Craig D. Burr, a lawyer in Las Vegas, Nevada, for Commonwealth as pledge holder under the Stock Pledge and Security Agreements. Mr. Burr's address is 4455 South Pecos Road, Las Vegas, Nevada 89121. Although the Borrowers did not have any right to object to the substitution of Mr. Burr as pledge holder under the Stock Pledge and Security Agreements, one or more of the Borrowers did so. The certificates representing the 3,673,115 shares of TCI pledged to secure the Sunset Loan and the related stock powers have not delivered to Mr. Burr and are still being held by Commonwealth.
- (e) If Sunset correctly understands the position of the Borrowers and TCI as expressed by Robert Waldman, the corporate secretary of TCI, at the annual meeting of shareholders of TCI on June 10, 2003, the position of the Borrowers and TCI is: (i) the Irrevocable Proxies in favor of Sunset from EQK, BCM and ART for the 3,673,115 shares of TCI do not mean what they say; (ii) Sunset does not have and has never had the right to vote any shares of TCI as a result of the Irrevocable Proxies; and (iii) Sunset has therefore never been the beneficial owner of more than five percent of the common stock of TCI. Sunset disagrees with all of these positions.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The exhibits evidencing and/or securing the obligations of the Borrowers and the guarantors of the Sunset Loan to Sunset consist of:

(10.1) A Stock Pledge and Security Agreement among Sunset, as Lender, EQK, as Pledgor, and Commonwealth Land Title Insurance Company, a Pennsylvania corporation, as Pledge Holder ("Commonwealth") dated as of September 17, 2001 relating to the pledge of 2,129,701 shares of TCI;

(10.2) A Stock Pledge and Security Agreement among Sunset, as Lender, BCM, as Pledgor, and Commonwealth, as Pledge Holder, dated as of September 17, 2001 relating to the pledge of 920,507 shares of TCI;

(10.3) A Stock Pledge and Security Agreement among Sunset, as Lender, ART, as Pledgor, and Commonwealth, as Pledge Holder, dated as of September 17, 2001 relating to the pledge of 472,907 shares of TCI;

(10.4) A letter agreement among Sunset, ART and Commonwealth dated February 25, 2002 relating to the pledge of 150,000 additional shares of TCI by ART;

(10.5) An Irrevocable Proxy dated June 7, 2002 by EQK in favor of Sunset relating to 2,129,701 shares of TCI;

(10.6) An Irrevocable Proxy dated June 7, 2002 by BCM in favor of Sunset relating to 920,507 shares of TCI;

(10.7) An Irrevocable Proxy dated June 7, 2002 by ART in favor of Sunset relating to 622,907 shares of TCI;

(10.8) Promissory Note dated September 17, 2001 by the Borrowers to the order of Sunset for the principal sum of \$30,000,000;

(10.9) Loan Agreement dated as of September 17, 2001 among the Borrowers and Sunset;

(10.10) Security Agreement dated as of September 17, 2001 by BCM, Triad Realty Services, Ltd. and Regis Realty, Inc. in favor of Sunset;

(10.11) Guarantee by American Realty Investors, Inc., a Nevada corporation, in favor of Sunset dated September 17, 2001;

(10.12) Guarantee by Regis Realty, Inc., a Nevada corporation, in favor of Sunset dated September 17, 2001;

(10.13) Guarantee by Syntek West, Inc., a Nevada corporation, in favor of Sunset dated September 17, 2001;

(10.14) Guarantee by Triad Realty Services, Ltd., a Nevada limited partnership, in favor of Sunset dated September 17, 2001;

(10.15) Subordinate Deed of Trust and Security Agreement dated September 17, 2001 by AWI, as Trustor, to Lawyers Title Realty Services, Inc., as Trustee, for the benefit of Sunset; and

(99.1) Letter dated May 23, 2002 to the Borrowers, Commonwealth and Jay A. LaJone, Esq. from Sunset substituting Craig D. Burr as Pledge Holder under the three Stock Pledge and Security Agreements.

Item 7. Material to be Filed as Exhibits

The sixteen (16) documents evidencing the obligations of the Borrowers and Guarantors to Sunset identified in Item 6 above are attached as Exhibits to this Schedule 13D. Also attached as an Exhibit 99.2 is a Company Resolution of Sunset dated June 5, 2002, relating to the authority of Sandy Marr to act as an Authorized Agent of Sunset.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: June 19, 2003

SUNSET MANAGEMENT, LLC

By: /S/ SANDY MARR

Name: Sandy Marr

Title: Authorized Agent

Exhibit 10.1

STOCK PLEDGE AND SECURITY AGREEMENT

THIS STOCK PLEDGE AND SECURITY AGREEMENT (the "Stock Pledge Agreement"), dated as of September 17, 2001, is executed by and among EQK HOLDINGS, INC., a Nevada corporation having an address at 1800 Valley View Lane, Suite 300, Dallas, Texas 75234 ("Pledgor"); SUNSET MANAGEMENT, LLC, a Nevada limited liability company having an address at 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada ("Creditor"); and COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation having an address at 5949 Sherry Lane, Suite 111, Dallas, Texas 75225 ("Pledge Holder").

RECITALS

A. Pledgor owns Two Million One Hundred Twenty Nine Thousand Seven Hundred One (2,129,701) shares of the outstanding common stock of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI").

B. The Creditor is willing to make a loan (the "Loan") to Pledgor, ART Williamsburg, Inc., a Nevada corporation ("AWI") and certain other parties secured by, among other things, a pledge of the Stock (as hereinafter defined).

C. Pledgor will derive substantial benefit from the Loan.

D. It is a condition precedent to the closing of the Loan that Pledgor pledge and assign the Stock (as hereinafter defined) to Pledge Holder for the benefit of Creditor as security for the Obligations (as hereinafter defined).

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Pledgor, Creditor and Pledge Holder hereby agree as follows:

1. Definitions and Interpretation. When used in this Stock Pledge Agreement, the following terms shall have the following respective meanings:

"Obligations" shall mean (i) the payment by Pledgor to Creditor of all indebtedness now or hereafter owed to Creditor by Pledgor in connection with a Secured Promissory Note of even date herewith by Pledgor and other parties, as maker, to the order of Creditor, as holder, for the principal sum of \$30,000,000 (the "Note"), a Loan Agreement of even date herewith among Pledgor and certain other parties and Creditor (the "Loan Agreement"), a Deed of Trust and Security Agreement of even date herewith from AWI, as Grantor, to Lawyers Title Realty Services, Inc., a Virginia corporation, as Trustee, for the benefit of Creditor (the "Deed of Trust"), encumbering, among other things, the fee interest of ART Williamsburg, Inc. in certain real property in the City of Williamsburg, Virginia, and improvements thereon, as more particularly described in the Deed of Trust, this Stock Pledge Agreement and all other documents executed by Pledgor and/or any other makers and/or guarantors of the Note to evidence or secure any indebtedness or obligations to Creditor in connection with the Loan (all of which documents together with the Note, Loan Agreement and this Pledge Agreement are hereinafter collectively referred to as the "Loan Documents"), whether at stated maturity, by acceleration or otherwise, together with interest thereon, fees, late charges, expenses, indemnification or otherwise, in connection therewith and extensions, modifications and renewals thereof, and (ii) the performance by Pledgor of all other obligations and the discharge of all other liabilities of Pledgor to Creditor and Pledge Holder of every kind and character, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint, several and joint and several, created under this Stock Pledge Agreement or the other Loan Documents, as any of the same may be amended or supplemented from time to time, or under any other agreement in connection with the Loan to which Pledgor and Creditor are parties, (iii) any and all sums advanced by Creditor or Pledge Holder in order to preserve the Pledged Securities or preserve the security interest in the Pledged Securities (or the priority thereof) granted hereby, and (iv) the expenses of retaking, holding, preparing for sale, selling or otherwise disposing of or realizing on the Pledged Securities, of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities owed by Pledgor to Creditor or Pledge Holder referred to above, or of any exercise by Creditor or Pledge Holder of any of their respective rights hereunder, together with reasonable attorneys' fees and disbursements and court costs.

"Pledged Securities" shall have the meaning given to that term in Paragraph 2 hereof.

"Stock" shall mean the 2,129,701 shares of TCI that are being pledged and assigned to Pledge Holder under this Agreement and any additional shares of common stock of TCI that Pledgor may pledge and assign to Pledge Holder as agent for the benefit of Creditor under this Stock Pledge Agreement from time to time.

"UCC" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Nevada.

Unless otherwise defined herein, capitalized terms herein which are defined in the Loan Agreement shall have the meanings ascribed to them in the Loan Agreement, and all terms defined in the UCC shall have the respective meanings given to those terms in the UCC. To the extent the meanings given herein are inconsistent with those given in the Loan Agreement or UCC, the meanings given herein shall govern.

2. Pledge. As security for the Obligations, Pledgor hereby pledges and assigns to Pledge Holder, as agent solely of Creditor and for the sole benefit of Creditor, and grants to Pledge Holder and Creditor, for the benefit of Creditor, a security interest in all right, title and interests of Pledgor in and to the Stock and all proceeds thereof, including, without limitation, stock dividends, stock splits and other similar distributions thereon, all shares, obligations or securities into which said securities may be changed or which may be issued in lieu thereof and all amounts paid in cash or other property as ordinary or liquidating distributions or dividends or any other securities which hereafter may be pledged hereunder (all of which together with the Stock are hereinafter collectively referred to as the "Pledged Securities").

3. Representations and Warranties. Pledgor represents and warrants to Creditor and Pledge Holder that: (a) the execution, delivery and performance by Pledgor of this Stock Pledge Agreement are within the properly exercisable organizational power of Pledgor and have been duly authorized by all necessary actions on the part of Pledgor; (b) this Stock Pledge Agreement has been duly executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity; (c) the execution, delivery and performance of this Stock Pledge Agreement do not (i) violate any requirement of law, regulation or statute, (ii) violate any provision of, or result in the breach or the acceleration of or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both) any obligation under, any indenture, mortgage, lien, lease, agreement, license, instrument, guaranty, or other document to which Pledgor is a party or by which Pledgor or its property is bound, or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of Pledgor (except such liens as may be created pursuant to this Stock Pledge Agreement); (d) no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or other Person (including, without limitation, TCI) is required in connection with the execution, delivery and performance by the Pledgor of this Stock Pledge Agreement; (e) Pledgor is the beneficial and record owner of the Stock and, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights in the Pledged Securities will be the beneficial and, in the case of capital stock, record owner thereof and no other Person has (or, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights therein, will have) any right, title, claim or interest (by way of lien or otherwise) in, against or to the Pledged Securities; (f) all of the Pledged Securities which are shares of capital stock are and such future Pledged Securities will be validly issued, fully paid and nonassessable securities of TCI; (g) upon transfer to Pledge Holder of all certificates representing the Stock, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in the Stock; (h) in the case of all

after-acquired Pledged Securities, at the time Pledgor acquires rights therein, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in all such other Pledged Securities; (i) all information heretofore, herein or hereafter supplied in writing to Creditor, taken as a whole, by or on behalf of Pledgor with respect to the Stock does not contain and will not contain any untrue statements of a material fact and does not omit and will not omit to state any material fact necessary to make any information so supplied, in light of the circumstances under which they were supplied, not misleading; and (j) Pledgor's principal place of business is the address of Pledgor stated at the outset of this Agreement.

4. Covenants. Pledgor hereby agrees: (a) to perform all acts requested by Pledge Holder that are necessary to maintain, preserve, protect and perfect the Pledged Securities, the lien granted to Pledge Holder hereunder and the first priority of such lien; (b) promptly deliver to Pledge Holder all originals of certificates and other documents, instruments and agreements evidencing the Pledged Securities which are now held or hereafter received by Pledgor, together with such blank stock powers executed by Pledgor as Pledge Holder or Creditor may request from time to time; (c) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other documents, instruments and agreements and take other actions deemed necessary, as Pledge Holder or Creditor may request, to perfect, maintain and protect the lien on the Pledged Securities hereunder and the priority thereof; (d) to defend its title to or Pledge Holder's interest in the Pledged Securities; (e) to keep the Pledged Securities free of all liens except those created hereunder; (f) not to vote to enable, or take any other action to permit, TCI to take any action that would result in a default by Pledgor or event of default under the Loan Agreement; (g) to pay, and to save Pledge Holder and Creditor harmless from, any and all liabilities with respect to, or resulting from any delay by Pledgor in paying, any and all stamps, excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Pledged Securities or in connection with any of the transactions contemplated by this Stock Pledge Agreement; (h) not to, without the written consent of the Creditor, sell, dispose of, transfer (directly or indirectly) or further encumber or covenant to sell, dispose of, transfer (directly or indirectly) or further encumber the Pledged Securities; and (i) to pay Pledge Holder's basic fees for acting as Pledge Holder hereunder. In addition, Pledgor shall pay Pledge Holder reasonable compensation for any unusual or extraordinary services required on the part of Pledge Holder in connection with this Agreement or the Pledged Securities.

5. Dividends and Voting Rights. Before and after default, Pledge Holder shall be entitled to receive all dividends and distributions on or relating to the Pledged Securities, including, without limitation, all amounts paid in cash or other property as ordinary or liquidating dividends or distributions on account of the Pledged Securities and all stock dividends. All dividends and distributions received by Pledge Holder in accordance herewith shall become subject to all of the provisions hereof. So long as no Event of Default hereunder has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and absolute discretion of Creditor, (i) impair the value of the Pledged Securities, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Pledged Securities, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement, then Pledgor shall be entitled to exercise any and all voting powers relating or pertaining to the Pledged Securities or any part thereof. Pledgor shall notify TCI to pay all dividends and other distributions to Pledge Holder until further notice from Creditor or Pledge Holder. In addition, Pledgor shall execute and deliver to TCI any additional documents reasonably requested or required by TCI or Creditor to assure that all payments and distributions are paid or made by TCI directly to the Pledge Holder. Pledgor shall, upon request of Creditor, execute and deliver from time to time one or more irrevocable proxies in favor of Creditor for the Stock and any other Pledged Securities designated by Creditor from time to time, consistent with this Agreement, all in form and substance reasonably satisfactory to Creditor.

6. Default and Remedies.

(a) Event of Default. The occurrence (whether as a result of acts or omissions by Pledgor, AWI, TCI or any other Person) of an Event of Default under the Loan Agreement (subject to such cure rights as may be expressly set forth in the Loan Agreement), whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order,

rule or regulation of any administrative or governmental body, shall constitute an "Event of Default" hereunder.

(b) Voting Rights. Upon the occurrence and during the continuance of any Event of Default hereunder, Pledge Holder may, upon notice to Pledgor, register all of Pledged Securities in the name of Pledge Holder or his nominee, for the benefit of Creditor, and Pledge Holder or his nominee may thereafter exercise (i) all voting, corporate and other rights pertaining to the Pledged Securities at any meeting of shareholders TCI or otherwise and (ii) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of TCI, or upon the exercise by Pledgor or Pledge Holder of any right, privilege or option pertaining to the Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but Pledge Holder shall have no duty to Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, Pledge Holder and Creditor may exercise, in addition to all other rights and remedies granted in this Stock Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, any and all rights and remedies at law, including, without limitation, all rights and remedies of a secured party under the UCC. Without

limiting the generality of the foregoing, Pledge Holder may, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind to or upon Pledgor, TCI or any other Person (except notice of time and place of sale and any other notice required by law and any notice referred to below) forthwith collect, receive, appropriate and realize upon the Pledged Securities, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Pledged Securities or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales,

in the over-the-counter market, at any exchange, broker's board or office of Pledge Holder or elsewhere upon such terms and conditions as he may deem advisable and at such prices as he may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. Pledgor agrees that any private sales of the Pledged Securities may be made from time to time on such terms and conditions and subject to such restrictions as

Creditor or its counsel deems necessary or desirable to exempt such sale from any registration and/or prospectus delivery requirement of any federal or state securities laws, rules or regulations that might otherwise apply to an offer or sale of all or any part of the Pledged Securities, including, without limitation, drastically limiting the number of offerees and purchasers, limiting offerees and prospective purchasers to "accredited investors," requiring "investment letters" from purchasers, legending any stock certificates with an appropriate restrictive legend limiting their transferability as restricted securities, and placement of appropriate stop transfer instructions with the appropriate transfer agent. Pledgor agrees that all of the terms, conditions and restrictions referred to above and any additional terms, conditions or restrictions that Lender or its counsel deem necessary or desirable to assure that any "private placements" of the Pledged Securities or any part thereof (i.e., offers and sales without registration or delivery of a prospectus) are made in compliance with all applicable securities laws, rules and regulations, are and will be commercially reasonable. Any sale, as provided for herein, of Pledged Securities by Creditor or Pledge Holder may be adjourned from time to time by announcement at the time and place appointed for any such sale, and such sale may be made at the time and place to which the same shall be so adjourned unless otherwise provided by law. Creditor shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to have the Obligations credited toward any bid or bids designated by the Creditor and to purchase the whole or any part of the Pledged Securities so sold, free of any right or equity of redemption in Pledgor, which right or equity is hereby waived and released. Pledge Holder shall apply any proceeds from time to time held by him and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred by Pledge Holder or Creditor in respect thereof or incidental to the care or safekeeping of any of the Pledged Securities or in any way relating to the Pledged Securities or the rights of Pledge Holder hereunder, including, without limitation, attorneys' fees and disbursements of counsel of Creditor and/or Pledge Holder, to the payment in whole or in part of the Obligations, in such order as Creditor may specify, and only after such application and after the payment by Pledge Holder of any other amount required by any provision of law, need Pledge Holder account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Pledge Holder and Creditor arising out of the exercise of any rights hereunder except as may arise solely from Pledge Holder's gross negligence or willful misconduct. If any notice of a proposed sale or other disposition of Pledged Securities shall be required by law, such notice shall be deemed reasonable and proper if given at least seven (7) business days before such sale or other disposition.

7. Authorized Actions. Pledgor acknowledges that the Obligations hereunder may be supplemented, augmented and otherwise increased as a result of changes in the underlying obligations of Pledgor or other parties under the Loan Documents. In that regard, Pledgor authorizes Creditor and/or Pledge Holder, in their discretion, without notice to Pledgor, irrespective of any change in the financial condition of Pledgor, TCI or any other Person, and without affecting or impairing in any way the liability of Pledgor hereunder, from time to time to (a) take and hold additional security for the payment or performance of the Obligations and exchange, enforce, waive or release any such additional security; (b) apply such additional security and direct the order or manner of sale thereof; (c) purchase such additional security at public or private sale; (d) upon the occurrence and during the continuance of an Event of Default, make any payments and do any other acts Pledge Holder shall deem necessary to protect the Creditor's security interest in the Pledged Securities, including, without limitation, pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of Pledge Holder or Creditor appears to be prior to or superior to the security interest granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interest in and/or the value of the Pledged Securities, and in exercising any such powers or authority, pay all expenses incurred in connection therewith, including reasonable attorneys' fees, and Pledgor hereby agrees it shall be bound by any such payment made or act taken by Pledge Holder or Creditor hereunder and shall reimburse Pledge Holder and/or Creditor for all payments made and expenses incurred, which amounts shall be secured under this Stock Pledge Agreement; provided, however, that Pledge Holder and Creditor shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts; (e) otherwise

exercise any right or remedy either of them may have against Pledgor, AWI, TCI or any guarantor of the Obligations or any part thereof or any security, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale; (f) settle, compromise with, release or substitute any one or more makers, endorsers or guarantors of the Obligations; and (g) assign the Obligations or this Stock Pledge Agreement in whole or in part.

8. Waivers. Pledgor waives (a) any right to require Pledge Holder or Creditor to (i) proceed against AWI, TCI or any other Person, (ii) proceed against or exhaust any security received from Pledgor, AWI or any other Person or (iii) pursue any other remedy in Creditor's or Pledge Holder's power whatsoever; (b) any defense resulting from the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Pledgor against AWI or any other Person or any security, whether resulting from an election by Creditor or Pledge Holder to foreclose upon security by nonjudicial sale, or otherwise; (c) any setoff or counterclaim of AWI, TCI or any other Person or any defense which results from any disability or other defense of AWI, TCI or any other Person or the cessation or stay of enforcement from any cause whatsoever of the liability of AWI or any other Person; (d) any right to exoneration of sureties which would otherwise be applicable; (e) except to the extent prohibited by NRS 40.495, any right of subrogation or reimbursement and any right of contribution, and right to enforce any remedy which Pledge Holder or Creditor now has or may hereafter have against AWI, TCI or any other Person, and any benefit of, and any right to participate in, any security now or hereafter received by Creditor or Pledge Holder until the Obligations have been paid in full; (f) all presentments, demands for performance, notices of non-performance, protests, notice of dishonor, and notices of acceptance of the Stock Pledge Agreement and of the existence, creation or incurrence of new or additional Obligations; (g) the benefit of any statute of limitations (to the extent permitted by law) and (h) any right to be informed by Pledge Holder of the financial condition of AWI or any other Person or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Obligations. Pledgor has the ability and assumes the responsibility for keeping informed of the financial condition of AWI, TCI and all other Persons primarily or secondarily liable for payment or performance of the Obligations or any part thereof and of other circumstances affecting such nonpayment and nonperformance risks.

9. Limitations on Duties and Responsibilities. Pledge Holder's sole duty with respect to the custody, safekeeping and physical preservation of the Pledged Securities in his possession, under the UCC or otherwise, shall be to deal with the Pledged Securities in the same manner as Pledge Holder deals with similar securities and property for his own account and as would be dealt by a prudent person in the reasonable administration of his affairs, and no additional duties shall be inferred or implied hereby. Neither Pledge Holder nor any of his employees or agents shall be liable for failure to demand, collect or realize upon any of the Pledged Securities or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Pledged Securities upon the request of Pledgor or otherwise. Pledge Holder shall not be responsible for the genuineness of any certificate or signature and may rely conclusively upon and shall be protected when acting upon any notice, affidavit, request, consent, instruction, check or other instrument believed by him in good faith to be genuine or to be signed or presented by the proper person or duly authorized, or properly made. No amendment or modification of this Agreement or waiver of its terms shall affect the right and duties of the Pledge Holder unless his written consent thereto shall have been obtained. Pledge Holder shall not be required to institute or defend any action involving any matters referred to herein or which affects him or his duties or liabilities hereunder unless or until requested to do so by any party to this Agreement and then only upon receiving full indemnity, in character satisfactory to Pledge Holder, against any and all claims, liabilities and expenses in relation thereto. In the event of any dispute among the parties hereto with respect to the Pledge Holder or his duties, (i) Pledge Holder may act or refrain from acting in respect of any matter referred to herein in full reliance upon and by and with the advice of legal counsel selected by him and shall be fully protected in so acting or in refraining from acting upon the advice of such counsel, or (ii) Pledge Holder may refrain from acting until required to do so by an

order of a court of competent jurisdiction.

10. Termination. This Stock Pledge Agreement shall terminate upon the satisfaction of all Obligations and Pledge Holder shall promptly thereafter, at Pledgor's expense, deliver the Stock certificates held by him hereunder to Pledgor and Creditor and Pledge Holder shall, at Pledgor's expense, execute and deliver to Pledgor such documents as Pledgor shall reasonably request to evidence such termination.

11. Power of Attorney. Pledgor hereby appoints and constitutes Pledge Holder as Pledgor's attorney-in-fact for purposes of (a) collecting any Pledged Securities, (b) conveying any item of Pledged Securities to any purchaser thereof, and (c) making any payments or taking any acts under Paragraph 7 hereof. Pledge Holder's authority hereunder shall include, without limitation, the authority to endorse and negotiate, for Pledge Holder's own account, any checks or instruments in the name of Pledge Holder, to execute for receipt for any document, to transfer title to any item of Pledged Securities, and to take any other actions necessary or incident to the powers granted to Pledge Holder in this Stock Pledge Agreement. This power of attorney is coupled with an interest and is irrevocable by Pledgor.

12. Miscellaneous.

(a) Notices. Any notice to a party required or permitted hereunder shall be given in writing. The notice shall be deemed to have been given at the following times: (a) on the date of service if served personally on the party to whom notice is to be given; (b) on the first business day after transmission and receipt if transmitted by electronic facsimile; (c) on the first business day after deposit if deposited with and accepted by an overnight express courier service for delivery the next business day; or (d) on the fourth business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, addressed to the party as follows:

To Creditor:

Sunset Management, LLC

1055 East Tropicana Avenue, Suite 700

Las Vegas, Nevada 89119

Attention: Mr. Sandy Marr

Fax: (702) 434-1644

To Pledgor :

EQK Holdings, Inc.

1800 Valley View Lane

Suite 300

Dallas, Texas 75234

Attention: Mr. Robert Waldman

Fax: (469) 522-4299

With copy to:

Mr. Jay A. LaJone

Bennett, Weston & LaJone, P.C.

1750 Valley View Lane

Suite 120

Dallas, Texas 75234

Fax: (214) 373-6810

To Pledge Holder:

Commonwealth Land Title Insurance Company

5949 Sherry Lane, Suite 111

Dallas, Texas 75225

Attention: James P. Lazar

Fax: (214) 987-4202

(b) Nonwaiver. No failure or delay on Creditor's or Pledge Holder's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(c) Amendments and Waivers. This Stock Pledge Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the party or parties against which enforcement thereof is sought. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(d) Assignment. This Stock Pledge Agreement shall be binding upon and inure to the benefit of Creditor, Pledge Holder and Pledgor and their respective heirs, personal representatives, successors and assigns; provided,

however, that Pledgor may not assign its rights or delegate its duties hereunder without the prior written consent of Creditor.

(e) Cumulative Rights, etc. The respective rights, powers and remedies of Pledge Holder and Creditor under this Stock Pledge Agreement shall be in addition to all rights, powers and remedies given to Pledge Holder and/or Creditor by virtue of the Loan Agreement, the UCC, any applicable governmental rule or regulation or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Pledge Holder's or Creditor's lien in the Pledged Securities. Pledgor waives any right to require Pledge Holder to proceed against any Person or to exhaust any Pledged Securities or to pursue any remedy in Pledge Holder's power.

(f) Successors of Pledge Holder. In the event there is a vacancy in the office of Pledge Holder hereunder, Creditor shall designate as Pledge Holder hereunder an attorney or law firm duly licensed to practice law in the State of Nevada with offices in the State of Nevada, and cause such attorney or firm to execute and deliver this Agreement as Pledge Holder. Upon such designation, execution and delivery, the designee shall have and be entitled to exercise all of the rights, powers and privileges of the Pledge Holder under this Agreement.

(g) Governing Law. This Stock Pledge Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada.

(h) Successor Pledge Holders. Pledge Holder may resign by the giving of notice of such resignation in writing to Creditor and Pledgor. If Pledge Holder shall die, resign or become disqualified from acting in the execution of this Agreement, or if, for any reason, Creditor, in Creditor's sole discretion and with or without cause, shall prefer to appoint a substitute Pledge Holder or multiple substitute Pledge Holders, or successive substitute Pledge Holders or successive multiple substitute Pledge Holders, to act instead of the Pledge Holder named in this Agreement, Creditor shall have full power to appoint a substitute Pledge Holder (or, if preferred by Creditor, multiple substitute Pledge Holders) in succession who shall succeed (and if multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall succeed) to all the estates, rights, powers and duties of the Pledge Holder named in this Agreement. Such appointment may be executed by any authorized agent of Creditor, and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the members and/or managers of Creditor. Pledgor hereby ratifies and confirms any and all acts which the Pledge Holder named in this Agreement, or its successor or successors, shall do lawfully by virtue hereof. If multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Pledge Holders, whenever any action or undertaking of such substitute Pledge Holders is requested or required under or pursuant to this Agreement or applicable law. Any prior election to act jointly or severally shall not prevent either or both of such multiple substitute Pledge Holders from subsequently executing, jointly or severally, any or all of the provisions hereof. Should any assignment, conveyance or other instrument of any nature be required from Pledgor by any Pledge Holder or substitute Pledge Holder to more fully and certainly vest in and confirm to Pledge Holder or substitute Pledge Holder such estates, rights, powers, and duties, then, upon request by Pledge Holder or substitute Pledge Holder, any and all such deeds, conveyances and instruments shall be made, executed and acknowledged by Pledgor. Any substitute Pledge Holder appointed pursuant to any of the provisions hereof shall, without any further act, assignment or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its, his or her predecessor in the rights hereunder with like effect as if originally named as Pledge Holder herein; but nevertheless, upon the written request of Creditor or of the substitute Pledge Holder, the Pledge Holder ceasing to act shall execute and deliver any instrument transferring to such substitute Pledge Holder, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Pledge Holder so ceasing to act, and shall duly assign, transfer and deliver all assets and moneys representing the Pledged Securities held by such Pledge Holder to the substitute Pledge Holder so appointed in such Pledge Holder's place.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

(j) Fax Signatures. Facsimiles of the execution pages of this Agreement shall be considered originals of such signatures. Upon request of a party, originals of any facsimile signatures shall be mailed by overnight delivery to the requesting party within one (1) day of such request.

IN WITNESS WHEREOF, Pledgor, Creditor and Pledge Holder have executed and delivered this Agreement as of the day and year first above written.

PLEDGOR:

EQK HOLDINGS, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

CREDITOR:

SUNSET MANAGEMENT, LLC,

a Nevada limited liability company

By: /S/ SANDY MARR

Sandy Marr

Title: Authorized Agent

PLEDGE HOLDER:

COMMONWEALTH LAND TITLE INSURANCE

COMPANY, a Pennsylvania corporation

By: /S/ JAMES P. LAZAR

James P. Lazar, Authorized Agent

Exhibit 10.2

STOCK PLEDGE AND SECURITY AGREEMENT

THIS STOCK PLEDGE AND SECURITY AGREEMENT (the "Stock Pledge Agreement"), dated as of September 17, 2001, is executed by and among BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation having an address at 1800 Valley View Lane, Suite 300, Dallas, Texas 75234 ("Pledgor"); SUNSET MANAGEMENT, LLC, a Nevada limited liability company having an address at 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada ("Creditor"); and COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation having an address at 5949 Sherry Lane, Suite 111, Dallas, Texas 75225 ("Pledge Holder").

RECITALS

A. Pledgor owns Nine Hundred Twenty Thousand Five Hundred Seven (920,507) shares of the outstanding common stock of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI").

B. The Creditor is willing to make a loan (the "Loan") to Pledgor, ART Williamsburg, Inc., a Nevada corporation ("AWI") and certain other parties secured by, among other things, a pledge of the Stock (as hereinafter defined).

C. Pledgor will derive substantial benefit from the Loan.

D. It is a condition precedent to the closing of the Loan that Pledgor pledge and assign the Stock (as hereinafter defined) to Pledge Holder for the benefit of Creditor as security for the Obligations (as hereinafter defined).

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Pledgor, Creditor and Pledge Holder hereby agree as follows:

1. Definitions and Interpretation. When used in this Stock Pledge Agreement, the following terms shall have the following respective meanings:

"Obligations" shall mean (i) the payment by Pledgor to Creditor of all indebtedness now or hereafter owed to Creditor by Pledgor in connection with a Secured Promissory Note of even date herewith by Pledgor and other parties, as maker, to the order of Creditor, as holder, for the principal sum of \$30,000,000 (the ""Note""), a Loan Agreement of even date herewith among Pledgor and certain other parties and Creditor (the "Loan Agreement"), a Deed of Trust and Security Agreement of even date herewith from AWI, as Grantor, to Lawyers Title Realty Services, Inc., a Virginia corporation, as Trustee, for the benefit of Creditor (the "Deed of Trust"), encumbering, among other things, the fee interest of ART Williamsburg, Inc. in certain real property in the City of Williamsburg, Virginia, and improvements thereon, as more particularly described in the Deed of Trust, this Stock Pledge Agreement and all other documents executed by Pledgor and/or any other makers and/or guarantors of the Note to evidence or secure any indebtedness or obligations to Creditor in connection with the Loan (all of which documents together with the Note, Loan Agreement and this Pledge Agreement are hereinafter collectively referred to as the ""Loan Documents""), whether at stated maturity, by acceleration or otherwise, together with interest thereon, fees, late charges, expenses, indemnification or otherwise, in connection therewith and extensions, modifications and renewals thereof, and (ii) the performance by Pledgor of all other obligations and the discharge of all other liabilities of Pledgor to Creditor and Pledge Holder of every kind and character, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint, several and joint and several, created under this Stock Pledge Agreement or the other Loan Documents, as any of the same may be amended or supplemented from time to time, or under any other agreement in connection with the Loan to which Pledgor and Creditor are parties, (iii) any and all sums advanced by Creditor or Pledge Holder in order to preserve the Pledged Securities or preserve the security interest in the Pledged Securities (or the priority thereof) granted hereby, and (iv) the expenses of retaking, holding, preparing for sale, selling or otherwise disposing of or realizing on the Pledged Securities, of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities owed by Pledgor to Creditor or Pledge Holder referred to above, or of any exercise by Creditor or Pledge Holder of any of their respective rights hereunder, together with reasonable attorneys' fees and disbursements and court costs.

"Pledged Securities" shall have the meaning given to that term in Paragraph 2 hereof.

"Stock" shall mean the 920,507 shares of TCI that are being pledged and assigned to Pledge Holder under this Agreement and any additional shares of common stock of TCI that Pledgor may pledge and assign to Pledge Holder as agent for the benefit of Creditor under this Stock Pledge Agreement from time to time.

"UCC" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Nevada.

Unless otherwise defined herein, capitalized terms herein which are defined in the Loan Agreement shall have the meanings ascribed to them in the Loan Agreement, and all terms defined in the UCC shall have the respective meanings given to those terms in the UCC. To the extent the meanings given herein are inconsistent with those given in the Loan Agreement or UCC, the meanings given herein shall govern.

2. Pledge. As security for the Obligations, Pledgor hereby pledges and assigns to Pledge Holder, as agent solely of Creditor and for the sole benefit of Creditor, and grants to Pledge Holder and Creditor, for the benefit of Creditor, a security interest in all right, title and interests of Pledgor in and to the Stock and all proceeds thereof, including, without limitation, stock dividends, stock splits and other similar distributions thereon, all shares, obligations or securities into which said securities may be changed or which may be issued in lieu thereof and all amounts paid in cash or other property as ordinary or liquidating distributions or dividends or any other securities which hereafter may be pledged hereunder (all of which together with the Stock are hereinafter collectively referred to as the "Pledged Securities").

3. Representations and Warranties. Pledgor represents and warrants to Creditor and Pledge Holder that: (a) the execution, delivery and performance by Pledgor of this Stock Pledge Agreement are within the properly exercisable organizational power of Pledgor and have been duly authorized by all necessary actions on the part of Pledgor; (b) this Stock Pledge Agreement has been duly executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity; (c) the execution, delivery and performance of this Stock Pledge Agreement do not (i) violate any requirement of law, regulation or statute, (ii) violate any provision of, or result in the breach or the acceleration of or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both) any obligation under, any indenture, mortgage, lien, lease, agreement, license, instrument, guaranty, or other document to which Pledgor is a party or by which Pledgor or its property is bound, or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of Pledgor (except such liens as may be created pursuant to this Stock Pledge Agreement); (d) no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental

authority or other Person (including, without limitation, TCI) is required in connection with the execution, delivery and performance by the Pledgor of this Stock Pledge Agreement; (e) Pledgor is the beneficial and record owner of the Stock and, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights in the Pledged Securities will be the beneficial and, in the case of capital stock, record owner thereof and no other Person has (or, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights therein, will have) any right, title, claim or interest (by way of lien or otherwise) in, against or to the Pledged Securities; (f) all of the Pledged Securities which are shares of capital stock are and such future Pledged Securities will be validly issued, fully paid and nonassessable securities of TCI; (g) upon transfer to Pledge Holder of all certificates representing the Stock, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in the Stock; (h) in the case of all after-acquired Pledged Securities, at the time Pledgor acquires rights therein, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in all such other Pledged Securities; (i) all information heretofore, herein or hereafter supplied in writing to Creditor, taken as a whole, by or on behalf of Pledgor with respect to the Stock does not contain and will not contain any untrue statements of a material fact and does not omit and will not omit to state any material fact necessary to make any information so supplied, in light of the circumstances under which they were supplied, not misleading; and (j) Pledgor's principal place of business is the address of Pledgor stated at the outset of this Agreement.

4. Covenants. Pledgor hereby agrees: (a) to perform all acts requested by Pledge Holder that are necessary to maintain, preserve, protect and perfect the Pledged Securities, the lien granted to Pledge Holder hereunder and the first priority of such lien; (b) promptly deliver to Pledge Holder all originals of certificates and other documents, instruments and agreements evidencing the Pledged Securities which are now held or hereafter received by Pledgor, together with such blank stock powers executed by Pledgor as Pledge Holder or Creditor may request from time to time; (c) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other documents, instruments and agreements and take other actions deemed necessary, as Pledge Holder or Creditor may request, to perfect, maintain and protect the lien on the Pledged Securities hereunder and the priority thereof; (d) to defend its title to or Pledge Holder's interest in the Pledged Securities; (e) to keep the Pledged Securities free of all liens except those created hereunder; (f) not to vote to enable, or take any other action to permit, TCI to take any action that would result in a default by Pledgor or event of default under the Loan Agreement; (g) to pay, and to save Pledge Holder and Creditor harmless from, any and all liabilities with respect to, or resulting from any delay by Pledgor in paying, any and all stamps, excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Pledged Securities or in connection with any of the transactions contemplated by this Stock Pledge Agreement; (h) not to, without the written consent of the Creditor, sell, dispose of, transfer (directly or indirectly) or further encumber or covenant to sell, dispose of, transfer (directly or indirectly) or further encumber the Pledged Securities; and (i) to pay Pledge Holder's basic fees for acting as Pledge Holder hereunder. In addition, Pledgor shall pay Pledge Holder reasonable compensation for any unusual or extraordinary services required on the part of Pledge Holder in connection with this Agreement or the Pledged Securities.

5. Dividends and Voting Rights. Before and after default, Pledge Holder shall be entitled to receive all dividends and distributions on or relating to the Pledged Securities, including, without limitation, all amounts paid in cash or other property as ordinary or liquidating dividends or distributions on account of the Pledged Securities and all stock dividends. All dividends and distributions received by Pledge Holder in accordance herewith shall become subject to all of the provisions hereof. So long as no Event of Default hereunder has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and absolute discretion of Creditor, (i) impair the value of the Pledged Securities, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Pledged Securities, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement, then Pledgor shall be entitled to exercise any and all voting powers relating or pertaining to the Pledged Securities or any part thereof. Pledgor shall notify TCI to pay all dividends and other

distributions to Pledge Holder until further notice from Creditor or Pledge Holder. In addition, Pledgor shall execute and deliver to TCI any additional documents reasonably requested or required by TCI or Creditor to assure that all payments and distributions are paid or made by TCI directly to the Pledge Holder. Pledgor shall, upon request of Creditor, execute and deliver from time to time one or more irrevocable proxies in favor of Creditor for the Stock and any other Pledged Securities designated by Creditor from time to time, consistent with this Agreement, all in form and substance reasonably satisfactory to Creditor.

6. Default and Remedies.

(a) Event of Default. The occurrence (whether as a result of acts or omissions by Pledgor, AWI, TCI or any other Person) of an Event of Default under the Loan Agreement (subject to such cure rights as may be expressly set forth in the Loan Agreement), whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order,

rule or regulation of any administrative or governmental body, shall constitute an "Event of Default" hereunder.

(b) Voting Rights. Upon the occurrence and during the continuance of any Event of Default hereunder, Pledge Holder may, upon notice to Pledgor, register all of Pledged Securities in the name of Pledge Holder or his nominee, for the benefit of Creditor, and Pledge Holder or his nominee may thereafter exercise (i) all voting, corporate and other rights pertaining to the Pledged Securities at any meeting of shareholders TCI or otherwise and (ii) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of TCI, or upon the exercise by Pledgor or Pledge Holder of any right, privilege or option pertaining to the Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but Pledge Holder shall have no duty to Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, Pledge Holder and Creditor may exercise, in addition to all other rights and remedies granted in this Stock Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, any and all rights and remedies at law, including, without limitation, all rights and remedies of a secured party under the UCC. Without

limiting the generality of the foregoing, Pledge Holder may, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind to or upon Pledgor, TCI or any other Person (except notice of time and place of sale and any other notice required by law and any notice referred to below) forthwith collect, receive, appropriate and realize upon the

Pledged Securities, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Pledged Securities or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales,

in the over-the-counter market, at any exchange, broker's board or office of Pledge Holder or elsewhere upon such terms and conditions as he may deem advisable and at such prices as he may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. Pledgor agrees that any private sales of the Pledged Securities may be made from time to time on such terms and conditions and subject to such restrictions as Creditor or its counsel deems necessary or desirable to exempt such sale from any registration and/or prospectus delivery requirement of any federal or state securities laws, rules or regulations that might otherwise apply to an offer or sale of all or any part of the Pledged Securities, including, without limitation, drastically limiting the number of offerees and purchasers, limiting offerees and prospective purchasers to "accredited investors," requiring "investment letters" from purchasers, legending any stock certificates with an appropriate restrictive legend limiting their transferability as restricted securities, and placement of appropriate stop transfer instructions with the appropriate transfer agent. Pledgor agrees that all of the terms, conditions and restrictions referred to above and any additional terms, conditions or restrictions that Lender or its counsel deem necessary or desirable to assure that any "private placements" of the Pledged Securities or any part thereof (i.e., offers and sales without registration or delivery of a prospectus) are made in compliance with all applicable securities laws, rules and regulations, are and will be commercially reasonable. Any sale, as provided for herein, of Pledged Securities by Creditor or Pledge Holder may be adjourned from time to time by announcement at the time and place appointed for any such sale, and such sale may be made at the time and place to which the same shall be so adjourned unless otherwise provided by law. Creditor shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to have the Obligations credited toward any bid or bids designated by the Creditor and to purchase the whole or any part of the Pledged Securities so sold, free of any right or equity of redemption in Pledgor, which right or equity is hereby waived and released. Pledge Holder shall apply any proceeds from time to time held by him and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred by Pledge Holder or Creditor in respect thereof or incidental to the care or safekeeping of any of the Pledged Securities or in any way relating to the Pledged Securities or the rights of Pledge Holder hereunder, including, without limitation, attorneys' fees and disbursements of counsel of Creditor and/or Pledge Holder, to the payment in whole or in part of the Obligations, in such order as Creditor may specify, and only after such application and after the payment by Pledge Holder of any other amount required by any provision of law, need Pledge Holder account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Pledge Holder and Creditor arising out of the exercise of any rights hereunder except as may arise solely from Pledge Holder's gross negligence or willful misconduct. If any notice of a proposed sale or other disposition of Pledged Securities shall be required by law, such notice shall be deemed reasonable and proper if given at least seven (7) business days before such sale or other disposition.

7. Authorized Actions. Pledgor acknowledges that the Obligations hereunder may be supplemented, augmented and otherwise increased as a result of changes in the underlying obligations of Pledgor or other parties under the Loan Documents. In that regard, Pledgor authorizes Creditor and/or Pledge Holder, in their discretion, without notice to Pledgor, irrespective of any change in the financial condition of Pledgor, TCI or any other Person, and without affecting or impairing in any way the liability of Pledgor hereunder, from time to time to (a) take and hold additional security for the payment or performance of the Obligations and exchange, enforce, waive or release any such additional security; (b) apply such additional security and direct the order or manner of sale thereof; (c) purchase such additional security at public or private sale; (d) upon the occurrence and during the continuance of an Event of Default, make any payments and do any other acts Pledge Holder shall deem necessary to protect the Creditor's security interest in the Pledged Securities, including, without limitation, pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of Pledge Holder or Creditor appears to be prior to or superior to

the security interest granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interest in and/or the value of the Pledged Securities, and in exercising any such powers or authority, pay all expenses incurred in connection therewith, including reasonable attorneys' fees, and Pledgor hereby agrees it shall be bound by any such payment made or act

taken by Pledge Holder or Creditor hereunder and shall reimburse Pledge Holder and/or Creditor for all payments made and expenses incurred, which amounts shall be secured under this Stock Pledge Agreement; provided, however, that Pledge Holder and Creditor shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts; (e) otherwise

exercise any right or remedy either of them may have against Pledgor, AWI, TCI or any guarantor of the Obligations or any part thereof or any security, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale; (f) settle, compromise with, release or substitute any one or more makers, endorsers or guarantors of the Obligations; and (g) assign the Obligations or this Stock Pledge Agreement in whole or in part.

8. Waivers. Pledgor waives (a) any right to require Pledge Holder or Creditor to (i) proceed against AWI, TCI or any other Person, (ii) proceed against or exhaust any security received from Pledgor, AWI or any other Person or (iii) pursue any other remedy in Creditor's or Pledge Holder's power whatsoever; (b) any defense resulting from the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Pledgor against AWI or any other Person or any security, whether resulting from an election by Creditor or Pledge Holder to foreclose upon security by nonjudicial sale, or otherwise; (c) any setoff or counterclaim of AWI, TCI or any other Person or any defense which results from any disability or other defense of AWI, TCI or any other Person or the cessation or stay of enforcement from any cause whatsoever of the liability of AWI or any other Person; (d) any right to exoneration of sureties which would otherwise be applicable; (e) except to the extent prohibited by NRS 40.495, any right of subrogation or reimbursement and any right of contribution, and right to enforce any remedy which Pledge Holder or Creditor now has or may hereafter have against AWI, TCI or any other Person, and any benefit of, and any right to participate in, any security now or hereafter received by Creditor or Pledge Holder until the Obligations have been paid in full; (f) all presentments, demands for performance, notices of non-performance, protests, notice of dishonor, and notices of acceptance of the Stock Pledge Agreement and of the existence, creation or incurrence of new or additional Obligations; (g) the benefit of any statute of limitations (to the extent permitted by law) and (h) any right to be informed by Pledge Holder of the financial condition of AWI or any other Person or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Obligations. Pledgor has the ability and assumes the responsibility for keeping informed of the financial condition of AWI, TCI and all other Persons primarily or secondarily liable for payment or performance of the Obligations or any part thereof and of other circumstances affecting such nonpayment and nonperformance risks.

9. Limitations on Duties and Responsibilities. Pledge Holder's sole duty with respect to the custody, safekeeping and physical preservation of the Pledged Securities in his possession, under the UCC or otherwise, shall be to deal with the Pledged Securities in the same manner as Pledge Holder deals with similar securities and property for his own account and as would be dealt by a prudent person in the reasonable administration of his affairs, and no additional duties shall be inferred or implied hereby. Neither Pledge Holder nor any of his employees or agents shall be liable for failure to demand, collect or realize upon any of the Pledged Securities or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Pledged Securities upon the request of Pledgor or otherwise. Pledge Holder shall not be responsible for the genuineness of any certificate or signature and may rely conclusively upon and shall be protected when acting upon any notice, affidavit, request, consent, instruction, check or other instrument

believed by him in good faith to be genuine or to be signed or presented by the proper person or duly authorized, or properly made. No amendment or modification of this Agreement or waiver of its terms shall affect the right and duties of the Pledge Holder unless his written consent thereto shall have been obtained. Pledge Holder shall not be required to institute or defend any action involving any matters referred to herein or which affects him or his duties or liabilities hereunder unless or until requested to do so by any party to this Agreement and then only upon receiving full indemnity, in character satisfactory to Pledge Holder, against any and all claims, liabilities and expenses in relation thereto. In the event of any dispute among the parties hereto with respect to the Pledge Holder or his duties, (i) Pledge Holder may act or refrain from acting in respect of any matter referred to herein in full reliance upon and by and with the advice of legal counsel selected by him and shall be fully protected in so acting or in refraining from acting upon the advice of such counsel, or (ii) Pledge Holder may refrain from acting until required to do so by an order of a court of competent jurisdiction.

10. Termination. This Stock Pledge Agreement shall terminate upon the satisfaction of all Obligations and Pledge Holder shall promptly thereafter, at Pledgor's expense, deliver the Stock certificates held by him hereunder to Pledgor and Creditor and Pledge Holder shall, at Pledgor's expense, execute and deliver to Pledgor such documents as Pledgor shall reasonably request to evidence such termination.

11. Power of Attorney. Pledgor hereby appoints and constitutes Pledge Holder as Pledgor's attorney-in-fact for purposes of (a) collecting any Pledged Securities, (b) conveying any item of Pledged Securities to any purchaser thereof, and (c) making any payments or taking any acts under Paragraph 7 hereof. Pledge Holder's authority hereunder shall include, without limitation, the authority to endorse and negotiate, for Pledge Holder's own account, any checks or instruments in the name of Pledge Holder, to execute for receipt for any document, to transfer title to any item of Pledged Securities, and to take any other actions necessary or incident to the powers granted to Pledge Holder in this Stock Pledge Agreement. This power of attorney is coupled with an interest and is irrevocable by Pledgor.

12. Miscellaneous.

(a) Notices. Any notice to a party required or permitted hereunder shall be given in writing. The notice shall be deemed to have been given at the following times: (a) on the date of service if served personally on the party to whom notice is to be given; (b) on the first business day after transmission and receipt if transmitted by electronic facsimile; (c) on the first business day after deposit if deposited with and accepted by an overnight express courier service for delivery the next business day; or (d) on the fourth business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, addressed to the party as follows:

To Creditor: Sunset Management, LLC

Edgar Filing: TRANSCONTINENTAL REALTY INVESTORS INC - Form SC 13D

1055 East Tropicana Avenue, Suite 700

Las Vegas, Nevada 89119

Attention: Mr. Sandy Marr

Fax: (702) 434-1644

To Pledgor : Basic Capital Management, Inc.

1800 Valley View Lane

Suite 300

Dallas, Texas 75234

Attention: Mr. Robert Waldman

Fax: (469) 522-4299

With copy to:

Mr. Jay A. LaJone

Bennett, Weston & LaJone, P.C.

1750 Valley View Lane

Suite 120

Dallas, Texas 75234

Fax: (214) 393-4025

To Pledge Holder:

Commonwealth Land Title Insurance Company

5949 Sherry Lane, Suite 111

Dallas, Texas 75225

Attention: James P. Lazar

Fax: (214) 987-4202

(b) Nonwaiver. No failure or delay on Creditor's or Pledge Holder's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(c) Amendments and Waivers. This Stock Pledge Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the party or parties against which enforcement thereof is sought. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(d) Assignment. This Stock Pledge Agreement shall be binding upon and inure to the benefit of Creditor, Pledge Holder and Pledgor and their respective heirs, personal representatives, successors and assigns; provided, however, that Pledgor may not assign its rights or delegate its duties hereunder without the prior written consent of Creditor.

(e) Cumulative Rights, etc. The respective rights, powers and remedies of Pledge Holder and Creditor under this Stock Pledge Agreement shall be in addition to all rights, powers and remedies given to Pledge Holder and/or Creditor by virtue of the Loan Agreement, the UCC, any applicable governmental rule or regulation or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Pledge Holder's or Creditor's lien in the Pledged Securities. Pledgor waives any right to require Pledge Holder to proceed against any Person or to exhaust any Pledged Securities or to pursue any remedy in Pledge Holder's power.

(f) Successors of Pledge Holder. In the event there is a vacancy in the office of Pledge Holder hereunder, Creditor shall designate as Pledge Holder hereunder an attorney or law firm duly licensed to practice law in the State of Nevada with offices in the State of Nevada, and cause such attorney or firm to execute and deliver this Agreement as Pledge Holder. Upon such designation, execution and delivery, the designee shall have and be entitled to exercise all of the rights, powers and privileges of the Pledge Holder under this Agreement.

(g) Governing Law. This Stock Pledge Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada.

(h) Successor Pledge Holders. Pledge Holder may resign by the giving of notice of such resignation in writing to Creditor and Pledgor. If Pledge Holder shall die, resign or become disqualified from acting in the execution of this Agreement, or if, for any reason, Creditor, in Creditor's sole discretion and with or without cause, shall prefer to appoint a substitute Pledge Holder or multiple substitute Pledge Holders, or successive substitute Pledge Holders or successive multiple substitute Pledge Holders, to act instead of the Pledge Holder named in this Agreement, Creditor shall have full power to appoint a substitute Pledge Holder (or, if preferred by Creditor, multiple substitute Pledge Holders) in succession who shall succeed (and if multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall succeed) to all the estates, rights, powers and duties of the Pledge Holder named in this Agreement. Such appointment may be executed by any authorized agent of Creditor, and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the members and/or managers of Creditor. Pledgor hereby ratifies and confirms any and all acts which the Pledge Holder named in this Agreement, or its successor or successors, shall do lawfully by virtue hereof. If multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Pledge Holders, whenever any action or undertaking of such substitute Pledge Holders is requested or required under or pursuant to this Agreement or applicable law. Any prior election to act jointly or severally shall not prevent either or both of such multiple substitute Pledge Holders from subsequently executing, jointly or severally, any or all of the provisions hereof. Should any assignment, conveyance or other instrument of any nature be required from Pledgor by any Pledge Holder or substitute Pledge Holder to more fully and certainly vest in and confirm to Pledge Holder or substitute Pledge Holder such estates, rights, powers, and duties, then, upon request by Pledge Holder or substitute Pledge Holder, any and all such deeds, conveyances and instruments shall be made, executed and acknowledged by Pledgor. Any substitute Pledge Holder appointed pursuant to any of the provisions hereof shall, without any further act, assignment or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its, his or her predecessor in the rights hereunder with like effect as if originally named as Pledge Holder herein; but nevertheless, upon the written request of Creditor or of the substitute Pledge Holder, the Pledge Holder ceasing to act shall execute and deliver any instrument transferring to such substitute Pledge Holder, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Pledge Holder so ceasing to act, and shall duly assign, transfer and deliver all assets and moneys representing the Pledged Securities held by such Pledge Holder to the substitute Pledge Holder so appointed in such Pledge Holder's place.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

(j) Fax Signatures. Facsimiles of the execution pages of this Agreement shall be considered originals of such signatures. Upon request of a party, originals of any facsimile signatures shall be mailed by overnight delivery to the requesting party within one (1) day of such request.

IN WITNESS WHEREOF, Pledgor, Creditor and Pledge Holder have executed and delivered this Agreement as of the day and year first above written.

PLEDGOR:

BASIC CAPITAL MANAGEMENT, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

CREDITOR:

SUNSET MANAGEMENT, LLC,

a Nevada limited liability company

By: /S/ SANDY MARR

Sandy Marr

Title: Authorized Agent

PLEDGE HOLDER:

COMMONWEALTH LAND TITLE INSURANCE

COMPANY, a Pennsylvania corporation

By: /S/ JAMES P. LAZAR

James P. Lazar, Authorized Agent

Exhibit 10.3

STOCK PLEDGE AND SECURITY AGREEMENT

THIS STOCK PLEDGE AND SECURITY AGREEMENT (the "Stock Pledge Agreement"), dated as of September 17, 2001, is executed by and among AMERICAN REALTY TRUST, INC., a Georgia corporation having an address at 1800 Valley View Lane, Suite 300, Dallas, Texas 75234 ("Pledgor"); SUNSET MANAGEMENT, LLC, a Nevada limited liability company having an address at 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada ("Creditor"); and COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation having an address at 5949 Sherry Lane, Suite 111, Dallas, Texas 75225 ("Pledge Holder").

RECITALS

A. Pledgor owns Four Hundred Seventy Two Thousand Ninety Seven (472,097) shares of the outstanding common stock of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI").

B. The Creditor is willing to make a loan (the "Loan") to Pledgor, ART Williamsburg, Inc., a Nevada corporation ("AWI") and certain other parties secured by, among other things, a pledge of the Stock (as hereinafter defined).

C. Pledgor will derive substantial benefit from the Loan.

D. It is a condition precedent to the closing of the Loan that Pledgor pledge and assign the Stock (as hereinafter defined) to Pledge Holder for the benefit of Creditor as security for the Obligations (as hereinafter defined).

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Pledgor, Creditor and Pledge Holder hereby agree as follows:

1. Definitions and Interpretation. When used in this Stock Pledge Agreement, the following terms shall have the following respective meanings:

"Obligations" shall mean (i) the payment by Pledgor to Creditor of all indebtedness now or hereafter owed to Creditor by Pledgor in connection with a Secured Promissory Note of even date herewith by Pledgor and other parties, as maker, to the order of Creditor, as holder, for the principal sum of \$30,000,000 (the ""Note""), a Loan Agreement of even date herewith among Pledgor and certain other parties and Creditor (the ""Loan Agreement""), a Deed of Trust and Security Agreement of even date herewith from AWI, as Grantor, to Lawyers Title Realty Services, Inc., a Virginia corporation, as Trustee, for the benefit of Creditor (the "Deed of Trust"), encumbering, among other things, the fee interest of ART Williamsburg, Inc. in certain real property in the City of Williamsburg, Virginia, and improvements thereon, as more particularly described in the Deed of Trust, this Stock Pledge Agreement and all other documents executed by Pledgor and/or any other makers and/or guarantors of the Note to evidence or secure any indebtedness or obligations to Creditor in connection with the Loan (all of which documents together with the Note, Loan Agreement and this Pledge Agreement are hereinafter collectively referred to as the ""Loan Documents""), whether at stated maturity, by acceleration or otherwise, together with interest thereon, fees, late charges, expenses, indemnification or otherwise, in connection therewith and extensions, modifications and renewals thereof, and (ii) the performance by Pledgor of all other obligations and the discharge of all other liabilities of Pledgor to Creditor and Pledge Holder of every kind and character, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint, several and joint and several, created under this Stock Pledge Agreement or the other Loan Documents, as any of the same may be amended or supplemented from time to time, or under any other agreement in connection with the Loan to which Pledgor and Creditor are parties, (iii) any and all sums advanced by Creditor or Pledge Holder in order to preserve the Pledged Securities or preserve the security interest in the Pledged Securities (or the priority thereof) granted hereby, and (iv) the expenses of retaking, holding, preparing for sale, selling or otherwise disposing of or realizing on the Pledged Securities, of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities owed by Pledgor to Creditor or Pledge Holder referred to above, or of any exercise by Creditor or Pledge Holder of any of their respective rights hereunder, together with

reasonable attorneys' fees and disbursements and court costs.

"Pledged Securities" shall have the meaning given to that term in Paragraph 2 hereof.

"Stock" shall mean the 472,097 shares of TCI that are being pledged and assigned to Pledge Holder under this Agreement and any additional shares of common stock of TCI that Pledgor may pledge and assign to Pledge Holder as agent for the benefit of Creditor under this Stock Pledge Agreement from time to time .

"UCC" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Nevada.

Unless otherwise defined herein, capitalized terms herein which are defined in the Loan Agreement shall have the meanings ascribed to them in the Loan Agreement, and all terms defined in the UCC shall have the respective meanings given to those terms in the UCC. To the extent the meanings given herein are inconsistent with those given in the Loan Agreement or UCC, the meanings given herein shall govern.

2. Pledge. As security for the Obligations, Pledgor hereby pledges and assigns to Pledge Holder, as agent solely of Creditor and for the sole benefit of Creditor, and grants to Pledge Holder and Creditor, for the benefit of Creditor, a security interest in all right, title and interests of Pledgor in and to the Stock and all proceeds thereof, including, without limitation, stock dividends, stock splits and other similar distributions thereon, all shares, obligations or securities into which said securities may be changed or which may be issued in lieu thereof and all amounts paid in cash or other property as ordinary or liquidating distributions or dividends or any other securities which hereafter may be pledged hereunder (all of which together with the Stock are hereinafter collectively referred to as the "Pledged Securities").

3. Representations and Warranties. Pledgor represents and warrants to Creditor and Pledge Holder that: (a) the execution, delivery and performance by Pledgor of this Stock Pledge Agreement are within the properly exercisable organizational power of Pledgor and have been duly authorized by all necessary actions on the part of Pledgor; (b) this Stock Pledge Agreement has been duly executed and delivered by Pledgor and constitutes a legal, valid and binding obligation of Pledgor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity; (c) the execution, delivery and performance of this Stock Pledge Agreement do not (i) violate any requirement of law, regulation or statute, (ii) violate any provision of, or result in the breach or the acceleration of or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both) any obligation under, any indenture, mortgage, lien, lease, agreement, license, instrument, guaranty, or other document to which Pledgor is a party or by which Pledgor or its property is bound, or (iii) result in the creation or imposition of any lien upon any

property, asset or revenue of Pledgor (except such liens as may be created pursuant to this Stock Pledge Agreement); (d) no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or other Person (including, without limitation, TCI) is required in connection with the execution, delivery and performance by the Pledgor of this Stock Pledge Agreement; (e) Pledgor is the beneficial and record owner of the Stock and, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights in the Pledged Securities will be the beneficial and, in the case of capital stock, record owner thereof and no other Person has (or, in the case of after-acquired Pledged Securities, at the time Pledgor acquires rights therein, will have) any right, title, claim or interest (by way of lien or otherwise) in, against or to the Pledged Securities; (f) all of the Pledged Securities which are shares of capital stock are and such future Pledged Securities will be validly issued, fully paid and nonassessable securities of TCI; (g) upon transfer to Pledge Holder of all certificates representing the Stock, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in the Stock; (h) in the case of all after-acquired Pledged Securities, at the time Pledgor acquires rights therein, Pledge Holder (on behalf of Creditor) will have a first priority perfected security interest in all such other Pledged Securities; (i) all information heretofore, herein or hereafter supplied in writing to Creditor, taken as a whole, by or on behalf of Pledgor with respect to the Stock does not contain and will not contain any untrue statements of a material fact and does not omit and will not omit to state any material fact necessary to make any information so supplied, in light of the circumstances under which they were supplied, not misleading; and (j) Pledgor's principal place of business is the address of Pledgor stated at the outset of this Agreement.

4. Covenants. Pledgor hereby agrees: (a) to perform all acts requested by Pledge Holder that are necessary to maintain, preserve, protect and perfect the Pledged Securities, the lien granted to Pledge Holder hereunder and the first priority of such lien; (b) promptly deliver to Pledge Holder all originals of certificates and other documents, instruments and agreements evidencing the Pledged Securities which are now held or hereafter received by Pledgor, together with such blank stock powers executed by Pledgor as Pledge Holder or Creditor may request from time to time; (c) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other documents, instruments and agreements and take other actions deemed necessary, as Pledge Holder or Creditor may request, to perfect, maintain and protect the lien on the Pledged Securities hereunder and the priority thereof; (d) to defend its title to or Pledge Holder's interest in the Pledged Securities; (e) to keep the Pledged Securities free of all liens except those created hereunder; (f) not to vote to enable, or take any other action to permit, TCI to take any action that would result in a default by Pledgor or event of default under the Loan Agreement; (g) to pay, and to save Pledge Holder and Creditor harmless from, any and all liabilities with respect to, or resulting from any delay by Pledgor in paying, any and all stamps, excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Pledged Securities or in connection with any of the transactions contemplated by this Stock Pledge Agreement; (h) not to, without the written consent of the Creditor, sell, dispose of, transfer (directly or indirectly) or further encumber or covenant to sell, dispose of, transfer (directly or indirectly) or further encumber the Pledged Securities; and (i) to pay Pledge Holder's basic fees for acting as Pledge Holder hereunder. In addition, Pledgor shall pay Pledge Holder reasonable compensation for any unusual or extraordinary services required on the part of Pledge Holder in connection with this Agreement or the Pledged Securities.

5. Dividends and Voting Rights. Before and after default, Pledge Holder shall be entitled to receive all dividends and distributions on or relating to the Pledged Securities, including, without limitation, all amounts paid in cash or other property as ordinary or liquidating dividends or distributions on account of the Pledged Securities and all stock dividends. All dividends and distributions received by Pledge Holder in accordance herewith shall become subject to all of the provisions hereof. So long as no Event of Default hereunder has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and

absolute discretion of Creditor, (i) impair the value of the Pledged Securities, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Pledged Securities, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement, then Pledgor shall be entitled to exercise any and all voting powers relating or pertaining to the Pledged Securities or any part thereof. Pledgor shall notify TCI to pay all dividends and other distributions to Pledge Holder until further notice from Creditor or Pledge Holder. In addition, Pledgor shall execute and deliver to TCI any additional documents reasonably requested or required by TCI or Creditor to assure that all payments and distributions are paid or made by TCI directly to the Pledge Holder. Pledgor shall, upon request of Creditor, execute and deliver from time to time one or more irrevocable proxies in favor of Creditor for the Stock and any other Pledged Securities designated by Creditor from time to time, consistent with this Agreement, all in form and substance reasonably satisfactory to Creditor.

6. Default and Remedies.

(a) Event of Default. The occurrence (whether as a result of acts or omissions by Pledgor, AWI, TCI or any other Person) of an Event of Default under the Loan Agreement (subject to such cure rights as may be expressly set forth in the Loan Agreement), whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, shall constitute an "Event of Default" hereunder.

(b) Voting Rights. Upon the occurrence and during the continuance of any Event of Default hereunder, Pledge Holder may, upon notice to Pledgor, register all of Pledged Securities in the name of Pledge Holder or his nominee, for the benefit of Creditor, and Pledge Holder or his nominee may thereafter exercise (i) all voting, corporate and other rights pertaining to the Pledged Securities at any meeting of shareholders TCI or otherwise and (ii) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of TCI, or upon the exercise by Pledgor or Pledge Holder of any right, privilege or option pertaining to the Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but Pledge Holder shall have no duty to Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, Pledge Holder and Creditor may exercise, in addition to all other rights and remedies granted in this Stock Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, any and all rights and remedies at law, including, without limitation, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Pledge Holder may, without demand of performance or other demand, presentment,

protest, advertisement or notice of any kind to or upon Pledgor, TCI or any other Person (except notice of time and place of sale and any other notice required by law and any notice referred to below) forthwith collect, receive, appropriate and realize upon the Pledged Securities, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Pledged Securities or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales,

in the over-the-counter market, at any exchange, broker's board or office of Pledge Holder or elsewhere upon such terms and conditions as he may deem advisable and at such prices as he may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. Pledgor agrees that any private sales of the Pledged Securities may be made from time to time on such terms and conditions and subject to such restrictions as Creditor or its counsel deems necessary or desirable to exempt such sale from any registration and/or prospectus delivery requirement of any federal or state securities laws, rules or regulations that might otherwise apply to an offer or sale of all or any part of the Pledged Securities, including, without limitation, drastically limiting the number of offerees and purchasers, limiting offerees and prospective purchasers to "accredited investors," requiring "investment letters" from purchasers, legending any stock certificates with an appropriate restrictive legend limiting their transferability as restricted securities, and placement of appropriate stop transfer instructions with the appropriate transfer agent. Pledgor agrees that all of the terms, conditions and restrictions referred to above and any additional terms, conditions or restrictions that Lender or its counsel deem necessary or desirable to assure that any "private placements" of the Pledged Securities or any part thereof (i.e., offers and sales without registration or delivery of a prospectus) are made in compliance with all applicable securities laws, rules and regulations, are and will be commercially reasonable. Any sale, as provided for herein, of Pledged Securities by Creditor or Pledge Holder may be adjourned from time to time by announcement at the time and place appointed for any such sale, and such sale may be made at the time and place to which the same shall be so adjourned unless otherwise provided by law. Creditor shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to have the Obligations credited toward any bid or bids designated by the Creditor and to purchase the whole or any part of the Pledged Securities so sold, free of any right or equity of redemption in Pledgor, which right or equity is hereby waived and released. Pledge Holder shall apply any proceeds from time to time held by him and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred by Pledge Holder or Creditor in respect thereof or incidental to the care or safekeeping of any of the Pledged Securities or in any way relating to the Pledged Securities or the rights of Pledge Holder hereunder, including, without limitation, attorneys' fees and disbursements of counsel of Creditor and/or Pledge Holder, to the payment in whole or in part of the Obligations, in such order as Creditor may specify, and only after such application and after the payment by Pledge Holder of any other amount required by any provision of law, need Pledge Holder account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Pledge Holder and Creditor arising out of the exercise of any rights hereunder except as may arise solely from Pledge Holder's gross negligence or willful misconduct. If any notice of a proposed sale or other disposition of Pledged Securities shall be required by law, such notice shall be deemed reasonable and proper if given at least seven (7) business days before such sale or other disposition.

7. Authorized Actions. Pledgor acknowledges that the Obligations hereunder may be supplemented, augmented and otherwise increased as a result of changes in the underlying obligations of Pledgor or other parties under the Loan Documents. In that regard, Pledgor authorizes Creditor and/or Pledge Holder, in their discretion, without notice to Pledgor, irrespective of any change in the financial condition of Pledgor, TCI or any other Person, and without affecting or impairing in any way the liability of Pledgor hereunder, from time to time to (a) take and hold additional security for the payment or performance of the Obligations and exchange, enforce, waive or release any such additional security; (b) apply such additional security and direct the order or manner of sale thereof; (c) purchase such additional security at public or private sale; (d) upon the occurrence and during the continuance of an Event of Default, make any payments and do any other acts Pledge Holder shall deem necessary to protect the Creditor's

security interest in the Pledged Securities, including, without limitation, pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of Pledge Holder or Creditor appears to be prior to or superior to the security interest granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interest in and/or the value of the Pledged Securities, and in exercising any such powers or authority, pay all expenses incurred in connection therewith, including reasonable attorneys' fees, and Pledgor hereby agrees it shall be bound by any such payment made or act taken by Pledge Holder or Creditor hereunder and shall reimburse Pledge Holder and/or Creditor for all payments made and expenses incurred, which amounts shall be secured under this Stock Pledge Agreement; provided, however, that Pledge Holder and Creditor shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts; (e) otherwise

exercise any right or remedy either of them may have against Pledgor, AWI, TCI or any guarantor of the Obligations or any part thereof or any security, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale; (f) settle, compromise with, release or substitute any one or more makers, endorsers or guarantors of the Obligations; and (g) assign the Obligations or this Stock Pledge Agreement in whole or in part.

8. Waivers. Pledgor waives (a) any right to require Pledge Holder or Creditor to (i) proceed against AWI, TCI or any other Person, (ii) proceed against or exhaust any security received from Pledgor, AWI or any other Person or (iii) pursue any other remedy in Creditor's or Pledge Holder's power whatsoever; (b) any defense resulting from the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Pledgor against AWI or any other Person or any security, whether resulting from an election by Creditor or Pledge Holder to foreclose upon security by nonjudicial sale, or otherwise; (c) any setoff or counterclaim of AWI, TCI or any other Person or any defense which results from any disability or other defense of AWI, TCI or any other Person or the cessation or stay of enforcement from any cause whatsoever of the liability of AWI or any other Person; (d) any right to exoneration of sureties which would otherwise be applicable; (e) except to the extent prohibited by NRS 40.495, any right of subrogation or reimbursement and any right of contribution, and right to enforce any remedy which Pledge Holder or Creditor now has or may hereafter have against AWI, TCI or any other Person, and any benefit of, and any right to participate in, any security now or hereafter received by Creditor or Pledge Holder until the Obligations have been paid in full; (f) all presentments, demands for performance, notices of non-performance, protests, notice of dishonor, and notices of acceptance of the Stock Pledge Agreement and of the existence, creation or incurrence of new or additional Obligations; (g) the benefit of any statute of limitations (to the extent permitted by law) and (h) any right to be informed by Pledge Holder of the financial condition of AWI or any other Person or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Obligations. Pledgor has the ability and assumes the responsibility for keeping informed of the financial condition of AWI, TCI and all other Persons primarily or secondarily liable for payment or performance of the Obligations or any part thereof and of other circumstances affecting such nonpayment and nonperformance risks.

9. Limitations on Duties and Responsibilities. Pledge Holder's sole duty with respect to the custody, safekeeping and physical preservation of the Pledged Securities in his possession, under the UCC or otherwise, shall be to deal with the Pledged Securities in the same manner as Pledge Holder deals with similar securities and property for his own account and as would be dealt by a prudent person in the reasonable administration of his affairs, and no additional duties shall be inferred or implied hereby. Neither Pledge Holder nor any of his employees or agents shall be liable for failure to demand, collect or realize upon any of the Pledged Securities or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Pledged Securities upon the request of Pledgor or otherwise. Pledge Holder shall not be responsible for the genuineness of any certificate or signature and may rely conclusively upon and shall be protected when acting upon any notice, affidavit, request, consent, instruction, check or other instrument

believed by him in good faith to be genuine or to be signed or presented by the proper person or duly authorized, or properly made. No amendment or modification of this Agreement or waiver of its terms shall affect the right and duties of the Pledge Holder unless his written consent thereto shall have been obtained. Pledge Holder shall not be required to institute or defend any action involving any matters referred to herein or which affects him or his duties or liabilities hereunder unless or until requested to do so by any party to this Agreement and then only upon receiving full indemnity, in character satisfactory to Pledge Holder, against any and all claims, liabilities and expenses in relation thereto. In the event of any dispute among the parties hereto with respect to the Pledge Holder or his duties, (i) Pledge Holder may act or refrain from acting in respect of any matter referred to herein in full reliance upon and by and with the advice of legal counsel selected by him and shall be fully protected in so acting or in refraining from acting upon the advice of such counsel, or (ii) Pledge Holder may refrain from acting until required to do so by an order of a court of competent jurisdiction.

10. Termination. This Stock Pledge Agreement shall terminate upon the satisfaction of all Obligations and Pledge Holder shall promptly thereafter, at Pledgor's expense, deliver the Stock certificates held by him hereunder to Pledgor and Creditor and Pledge Holder shall, at Pledgor's expense, execute and deliver to Pledgor such documents as Pledgor shall reasonably request to evidence such termination.

11. Power of Attorney. Pledgor hereby appoints and constitutes Pledge Holder as Pledgor's attorney-in-fact for purposes of (a) collecting any Pledged Securities, (b) conveying any item of Pledged Securities to any purchaser thereof, and (c) making any payments or taking any acts under Paragraph 7 hereof. Pledge Holder's authority hereunder shall include, without limitation, the authority to endorse and negotiate, for Pledge Holder's own account, any checks or instruments in the name of Pledge Holder, to execute for receipt for any document, to transfer title to any item of Pledged Securities, and to take any other actions necessary or incident to the powers granted to Pledge Holder in this Stock Pledge Agreement. This power of attorney is coupled with an interest and is irrevocable by Pledgor.

12. Miscellaneous.

(a) Notices. Any notice to a party required or permitted hereunder shall be given in writing. The notice shall be deemed to have been given at the following times: (a) on the date of service if served personally on the party to whom notice is to be given; (b) on the first business day after transmission and receipt if transmitted by electronic facsimile; (c) on the first business day after deposit if deposited with and accepted by an overnight express courier service for delivery the next business day; or (d) on the fourth business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, addressed to the party as follows:

To Creditor: Sunset Management, LLC

1055 East Tropicana Avenue, Suite 700

Las Vegas, Nevada 89119

Attention: Mr. Sandy Marr

Fax: (702) 434-1644

To Pledgor : American Realty Trust, Inc.

1800 Valley View Lane

Suite 300

Dallas, Texas 75234

Attention: Mr. Robert Waldman

Fax: (469) 522-4299

With copy to:

Mr. Jay A. LaJone

Bennett, Weston & LaJone, P.C.

1750 Valley View Lane

Suite 120

Dallas, Texas 75234

Fax: (214) 373-6810

To Pledge Holder:

Commonwealth Land Title Insurance Company

5949 Sherry Lane, Suite 111

Dallas, Texas 75225

Attention: James P. Lazar

Fax: (214) 987-4202

(b) Nonwaiver. No failure or delay on Creditor's or Pledge Holder's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(c) Amendments and Waivers. This Stock Pledge Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the party or parties against which enforcement thereof is sought. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(d) Assignment. This Stock Pledge Agreement shall be binding upon and inure to the benefit of Creditor, Pledge Holder and Pledgor and their respective heirs, personal representatives, successors and assigns; provided, however, that Pledgor may not assign its rights or delegate its duties hereunder without the prior written consent of Creditor.

(e) Cumulative Rights, etc. The respective rights, powers and remedies of Pledge Holder and Creditor under this Stock Pledge Agreement shall be in addition to all rights, powers and remedies given to Pledge Holder and/or Creditor by virtue of the Loan Agreement, the UCC, any applicable governmental rule or regulation or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Pledge Holder's or Creditor's lien in the Pledged Securities. Pledgor waives any right to require Pledge Holder to proceed against any Person or to exhaust any Pledged Securities or to pursue any remedy in Pledge Holder's power.

(f) Successors of Pledge Holder. In the event there is a vacancy in the office of Pledge Holder hereunder, Creditor shall designate as Pledge Holder hereunder an attorney or law firm duly licensed to practice law in the State of Nevada with offices in the State of Nevada, and cause such attorney or firm to execute and deliver this Agreement as Pledge Holder. Upon such designation, execution and delivery, the designee shall have and be entitled to exercise all of the rights, powers and privileges of the Pledge Holder under this Agreement.

(g) Governing Law. This Stock Pledge Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada.

(h) Successor Pledge Holders. Pledge Holder may resign by the giving of notice of such resignation in writing to Creditor and Pledgor. If Pledge Holder shall die, resign or become disqualified from acting in the execution of this Agreement, or if, for any reason, Creditor, in Creditor's sole discretion and with or without cause, shall prefer to appoint a substitute Pledge Holder or multiple substitute Pledge Holders, or successive substitute Pledge Holders or successive multiple substitute Pledge Holders, to act instead of the Pledge Holder named in this Agreement, Creditor shall have full power to appoint a substitute Pledge Holder (or, if preferred by Creditor, multiple substitute Pledge Holders) in succession who shall succeed (and if multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall succeed) to all the estates, rights, powers and duties of the Pledge Holder named in this Agreement. Such appointment may be executed by any authorized agent of Creditor, and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the members and/or managers of Creditor. Pledgor hereby ratifies and confirms any and all acts which the Pledge Holder named in this Agreement, or its successor or successors, shall do lawfully by virtue hereof. If multiple substitute Pledge Holders are appointed, each of such multiple substitute Pledge Holders shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Pledge Holders, whenever any action or undertaking of such substitute Pledge Holders is requested or required under or pursuant to this Agreement or applicable law. Any prior election to act jointly or severally shall not prevent either or both of such multiple substitute Pledge Holders from subsequently executing, jointly or severally, any or all of the provisions hereof. Should any assignment, conveyance or other instrument of any nature be required from Pledgor by any Pledge Holder or substitute Pledge Holder to more fully and certainly vest in and confirm to Pledge Holder or substitute Pledge Holder such estates, rights, powers, and duties, then, upon request by Pledge Holder or substitute Pledge Holder, any and all such deeds, conveyances and instruments shall be made, executed and acknowledged by Pledgor. Any substitute Pledge Holder appointed pursuant to any of the provisions hereof shall, without any further act, assignment or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its, his or her predecessor in the rights hereunder with like effect as if originally named as Pledge Holder herein; but nevertheless, upon the written request of Creditor or of the substitute Pledge Holder, the Pledge Holder ceasing to act shall execute and deliver any instrument transferring to such substitute Pledge Holder, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Pledge Holder so ceasing to act, and shall duly assign, transfer and deliver all assets and moneys representing the Pledged Securities held by such Pledge Holder to the substitute Pledge Holder so appointed in such Pledge Holder's place.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

(j) Fax Signatures. Facsimiles of the execution pages of this Agreement shall be considered originals of such signatures. Upon request of a party, originals of any facsimile signatures shall be mailed by overnight delivery to the requesting party within one (1) day of such request.

IN WITNESS WHEREOF, Pledgor, Creditor and Pledge Holder have executed and delivered this Agreement as of the day and year first above written.

PLEDGOR:

AMERICAN REALTY TRUST, INC.,

a Georgia corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

CREDITOR:

SUNSET MANAGEMENT, LLC,

a Nevada limited liability company

By: /S/ SANDY MARR

Sandy Marr

Title: Authorized Agent

PLEDGE HOLDER:

COMMONWEALTH LAND TITLE INSURANCE

COMPANY, a Pennsylvania corporation

By: /S/ JAMES P. LAZAR

James P. Lazar, Authorized Agent

Exhibit 10.4

February 25, 2002

Commonwealth Land Title Insurance Company

5949 Sherry Lane, Suite 111

Dallas, Texas 75225

Attention: James P. Lazar

Fax: (214) 987-4202

Re: Stock Pledge and Security Agreement dated as of September 17, 2001 among American Realty Trust, Inc. ("Pledgor"); Sunset Management, LLC ("Creditor"); and Commonwealth Land Title Insurance Company ("Pledge Holder") (the "Stock Pledge Agreement")

Gentlemen:

Capitalized terms in this letter have the same meanings ascribed to them in the Stock Pledge Agreement.

Pledgor has agreed to pledge 150,000 additional shares of TCI under the Stock Pledge Agreement as additional collateral for the Obligations in order to comply in part with certain requirements of the Loan Agreement. Accordingly, Pledgor hereby pledges and assigns to Pledge Holder as agent solely for Creditor and for the sole benefit of Creditor, and hereby grants to Pledge Holder and Creditor, for the benefit of Creditor, a security interest in all right, title and interests of Pledgor in and to 150,000 additional shares of common stock of TCI. These additional shares are and shall be deemed for all purposes to be part of the Stock and shall be subject to all of the provisions of the Stock Pledge Agreement.

Very truly yours,

AMERICAN REALTY TRUST, INC.,

a Georgia corporation

By: /S/ MARK W. BRANTGAN

Mark W. Brantgan

Title: EVP

By its execution of this letter agreement below, Pledge Holder hereby accepts the foregoing pledge as agent for Creditor and hereby acknowledges receipt of the three stock certificates identified in Exhibit A attached hereto, each representing 50,000 shares of common stock of TCI, that have been endorsed in blank by Pledgor, together with three blank stock powers that have been executed by Pledgor.

COMMONWEALTH LAND TITLE INSURANCE

COMPANY, a Pennsylvania corporation

By: /S/ JAMES P. LAZAR

James P. Lazar, Authorized Agent

By its execution of this letter agreement below, Creditor hereby accepts the aforementioned pledge without prejudice to its rights to require the pledge of additional shares and compliance with all of the other provisions of the Loan Documents.

SUNSET MANAGEMENT, LLC,

a Nevada limited liability company

By: /S/ SANDY MARR

Sandy Marr

Title: Authorized Agent

Exhibit A to Letter Agreement

Certificate Number

Number of Shares

Exhibit 10.5

IRREVOCABLE PROXY

The undersigned, EQK HOLDINGS, INC., a Nevada corporation (the "Undersigned"), hereby irrevocably appoints

SUNSET MANAGEMENT, LLC, a Nevada limited liability company (the "Proxy Holder"), proxy for the Undersigned, to appear and vote 2,129,701 shares of common stock, par value \$.01 per share (the "Common Stock"), of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI") pursuant to a Stock Pledge and Security Agreement dated as of September 17, 2001 among the Undersigned, as Pledgor, Proxy Holder, as Creditor, and Commonwealth Land Title Insurance Company, as Pledge Holder (the "Pledge Agreement"), together with any other shares of any class of TCI that may be received as a stock dividend thereon or that may result from a stock split or combination affecting the Common Stock of TCI, to the same extent which the Undersigned would be entitled to vote if personally present, at any special meeting or annual meeting of stockholders of TCI, and at any adjournments thereof and including any action taken by written consent of stockholders.

This proxy is an irrevocable proxy coupled with an interest. This proxy is intended to confer the voting rights on the Proxy Holder conferred by the Pledge Agreement and by Section 352(2) of Article 78 of the Nevada Revised Statutes. The Undersigned covenants and agrees to execute all such further documents and instruments, including without limitation, specific written consents of stockholders and replacements renewing this proxy, throughout the term of this power at the request of TCI.

This proxy shall expressly be binding upon the successors and assigns of the Undersigned.

This proxy shall be effective until the earlier of: (i) the seventh anniversary of the date of this proxy; or (ii) the date on which the Loan (as defined in the Pledge Agreement) has been paid in full.

By its acceptance of this irrevocable proxy, Proxy Holder agrees that so long as no Event of Default (as defined in the Pledge Agreement) has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and absolute discretion of Proxy Holder, (i) impair the value of the Common Stock, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Common Stock, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement dated as of September 17, 2001 among AMERICAN REALTY TRUST, INC., a Georgia corporation, ART WILLIAMSBURG, INC., a Nevada corporation, BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation, EQK HOLDINGS, INC., a Nevada corporation, and SUNSET MANAGEMENT, LLC, a Nevada limited liability company, then the Undersigned shall be entitled to exercise any and all voting powers relating or pertaining to the Common Stock or any part thereof. In order to give effect to the preceding sentence, Proxy Holder shall have the right and power to delegate voting rights under this proxy to, and to designate the Undersigned or one or more designees of the Undersigned as a party authorized to vote the Common Stock on a particular matter if Proxy Holder has determined that the Undersigned (as distinguished from the Proxy Holder) is entitled to vote on the matter pursuant to the preceding sentence.

IN WITNESS WHEREOF, the undersigned has executed this, irrevocable proxy this 7th day of June 2002.

EQK HOLDINGS, INC.

a Nevada corporation

By: /S/ ROBERT A. WALDMAN

Robert A. Waldman

Title: Secretary

Exhibit 10.6

IRREVOCABLE PROXY

The undersigned, BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation (the "Undersigned"), hereby irrevocably appoints SUNSET MANAGEMENT, LLC, a Nevada limited liability company (the "Proxy Holder"),

proxy for the Undersigned, to appear and vote 920,507 shares of common stock, par value \$.01 per share (the "Common Stock"), of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI") pursuant to a Stock Pledge and Security Agreement dated as of September 17, 2001 among the Undersigned, as Pledgor, Proxy Holder, as Creditor, and Commonwealth Land Title Insurance Company, as Pledge Holder (the "Pledge Agreement"), together with any other shares of any class of TCI that may be received as a stock dividend thereon or that may result from a stock split or combination affecting the Common Stock of TCI, to the same extent which the Undersigned would be entitled to vote if personally present, at any special meeting or annual meeting of stockholders of TCI, and at any adjournments thereof and including any action taken by written consent of stockholders.

This proxy is an irrevocable proxy coupled with an interest. This proxy is intended to confer the voting rights on the Proxy Holder conferred by the Pledge Agreement and by Section 352(2) of Article 78 of the Nevada Revised Statutes. The Undersigned covenants and agrees to execute all such further documents and instruments, including without limitation, specific written consents of stockholders and replacements renewing this proxy, throughout the term of this power at the request of TCI.

This proxy shall expressly be binding upon the successors and assigns of the Undersigned.

This proxy shall be effective until the earlier of: (i) the seventh anniversary of the date of this proxy; or (ii) the date on which the Loan (as defined in the Pledge Agreement) has been paid in full.

By its acceptance of this irrevocable proxy, Proxy Holder agrees that so long as no Event of Default (as defined in the Pledge Agreement) has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and absolute discretion of Proxy Holder, (i) impair the value of the Common Stock, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Common Stock, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement dated as of September 17, 2001 among AMERICAN REALTY TRUST, INC., a Georgia corporation, ART WILLIAMSBURG, INC., a Nevada corporation, BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation, EQK HOLDINGS, INC., a Nevada corporation, and SUNSET MANAGEMENT, LLC, a Nevada limited liability company, then the Undersigned shall be entitled to exercise any and all voting powers relating or pertaining to the Common Stock or any part thereof. In order to give effect to the preceding sentence, Proxy Holder shall have the right and power to delegate voting rights under this proxy to, and to designate the Undersigned or one or more designees of the Undersigned as a party authorized to vote the Common Stock on a particular matter if Proxy Holder has determined that the Undersigned (as distinguished from the Proxy Holder) is entitled to vote on the matter pursuant to the preceding sentence.

IN WITNESS WHEREOF, the undersigned has executed this, irrevocable proxy this 7th day of June 2002.

BASIC CAPITAL MANAGEMENT, INC.

a Nevada corporation

By: /S/ ROBERT A. WALDMAN

Robert A. Waldman

Title: Senior Vice President

Exhibit 10.7

IRREVOCABLE PROXY

The undersigned, AMERICAN REALTY TRUST, INC., a Georgia corporation (the "Undersigned"), hereby irrevocably appoints SUNSET MANAGEMENT, LLC, a Nevada limited liability company (the "Proxy Holder"), proxy for the Undersigned, to appear and vote 622,907 shares of common stock, par value \$.01 per share (the "Common Stock"), of Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI") pursuant to a Stock Pledge and Security Agreement dated as of September 17, 2001 among the Undersigned, as Pledgor, Proxy Holder, as Creditor, and Commonwealth Land Title Insurance Company, as Pledge Holder (the "Pledge Agreement"), together with any other shares of any class of TCI that may be received as a stock dividend thereon or that may result from a stock split or combination affecting the Common Stock of TCI, to the same extent which the Undersigned would be entitled to vote if personally present, at any special meeting or annual meeting of stockholders of TCI, and at any adjournments thereof and including any action taken by written consent of stockholders.

This proxy is an irrevocable proxy coupled with an interest. This proxy is intended to confer the voting rights on the Proxy Holder conferred by the Pledge Agreement and by Section 352(2) of Article 78 of the Nevada Revised Statutes.

The Undersigned covenants and agrees to execute all such further documents and instruments, including without limitation, specific written consents of stockholders and replacements renewing this proxy, throughout the term of this power at the request of TCI.

This proxy shall expressly be binding upon the successors and assigns of the Undersigned.

This proxy shall be effective until the earlier of: (i) the seventh anniversary of the date of this proxy; or (ii) the date on which the Loan (as defined in the Pledge Agreement) has been paid in full.

By its acceptance of this irrevocable proxy, Proxy Holder agrees that so long as no Event of Default (as defined in the Pledge Agreement) has occurred and is continuing and so long as the vote to be cast and/or corporate right to be exercised and/or other action to be taken would not, in the sole and absolute discretion of Proxy Holder, (i) impair the value of the Common Stock, (ii) impair the liquidity, net worth or liquidation value of TCI, (iii) directly or indirectly decrease the proportion of the total voting shares or equity ownership of TCI represented by the Common Stock, or (iv) directly or indirectly result in a default or Event of Default under the Loan Agreement dated as of September 17, 2001 among AMERICAN REALTY TRUST, INC., a Georgia corporation, ART WILLIAMSBURG, INC., a Nevada corporation, BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation, EQK HOLDINGS, INC., a Nevada corporation, and SUNSET MANAGEMENT, LLC, a Nevada limited liability company, then the Undersigned shall be entitled to exercise any and all voting powers relating or pertaining to the Common Stock or any part thereof. In order to give effect to the preceding sentence, Proxy Holder shall have the right and power to delegate voting rights under this proxy to, and to designate the Undersigned or one or more designees of the Undersigned as a party authorized to vote the Common Stock on a particular matter if Proxy Holder has determined that the Undersigned (as distinguished from the Proxy Holder) is entitled to vote on the matter pursuant to the preceding sentence.

IN WITNESS WHEREOF, the undersigned has executed this, irrevocable proxy this 7th
day of June 2002.

AMERICAN REALTY TRUST, INC.

a Georgia corporation

By: /S/ ROBERT A. WALDMAN

Robert A. Waldman

Title: Senior Vice President

Exhibit 10.8

SECURED PROMISSORY NOTE

\$30,000,000 September 17, 2001

FOR VALUE RECEIVED, at the times hereinafter stated, the undersigned EQK HOLDINGS, INC., a Nevada corporation, AMERICAN REALTY TRUST, INC., a Georgia corporation, BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation, and ART WILLIAMSBURG, INC., a Nevada corporation (collectively, the "Borrower") jointly and severally promise to pay to SUNSET MANAGEMENT, LLC, a Nevada limited liability company, or order (the "Lender"), at 1055 East Tropicana Avenue, Suite 700, Las Vegas, Nevada 89119, or at such other place as the holder hereof may from time to time designate in writing, in legal tender of the United States of America, the principal sum of THIRTY MILLION DOLLARS (\$30,000,000), or so much thereof as may have been advanced by Lender from time to time (the "Loan"), with interest from the date or dates of disbursement on the unpaid principal balance from time to time outstanding, at the rate of twenty-four percent (24%) per annum (the "Base Interest Rate") on the Base Loan (as hereinafter defined) and at the rate of twenty percent (20%) per annum (the "Auxiliary Interest Rate") on the Auxiliary Loan (as hereinafter defined). All interest shall be computed on the basis of a 360-day year and actual days elapsed.

The term "Base Loan" means and refers to all principal, interest and other sums due under this Note other than the Auxiliary Loan. The term "Auxiliary Loan" initially means and refers to a sum equal to TEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$10,500,000) of principal of the Loan. Any partial payments or prepayments that reduce the outstanding principal balance of the Loan shall first be applied to reduction of the Base Loan.

Interest shall accrue and be payable to Lender on demand on all fees, costs and advances due and payable to Lender and on all unpaid interest due and payable to Lender.

Interest shall be due in monthly installments commencing on the fifteenth day of October, 2001, and on the same day of each and every successive month thereafter until the first anniversary of the date of this Note, upon which date the entire unpaid balance of principal and any accrued interest shall be paid in full (the "Maturity Date").

This Note is secured by, among other instruments, a Deed of Trust and Security Agreement (the "Deed of Trust") of even date herewith from ART Williamsburg, Inc., as Grantor, to Lawyers Title Realty Services, Inc., a Virginia corporation, as Trustee, for the benefit of Lender, encumbering, among other things, the fee interest of ART Williamsburg, Inc. in certain real property in the City of Williamsburg, Virginia, and improvements thereon, as more particularly described in the Deed of Trust (the "Property").

Borrower shall have the right to prepay the Loan without penalty in whole or in part upon not less than one (1) days prior written notice to Lender; provided, however, that no partial prepayment shall be permitted unless the partial prepayment is in an integral multiple of \$1,000,000 or more. Upon any such prepayment, Borrower shall also pay all accrued interest. All payments on this Note shall be applied first to fees, costs, and advances due and payable to Lender under this Note or under any of the other documents evidencing or securing the Loan; second to the payment of accrued interest; third to the payment of principal of the Base Loan; and the balance to the payment of principal representing the Auxiliary Loan.

If any fees, costs, expenses or advances are due and payable to Lender under this Note or any of the other documents evidencing or securing the Loan, such fees, costs and advances shall bear interest at the Default Rate (as hereinafter defined). If interest is unpaid, it shall bear interest at the Default Rate (as hereinafter defined). Accrued and unpaid interest shall be compounded monthly. Borrower acknowledges that the foregoing, and other provisions of this Note, shall result in compounding of interest on a monthly basis and Borrower agrees thereto pursuant to the provisions of Nevada Revised Statutes 99.050.

Borrower agrees with Lender that it would be extremely difficult or impracticable to fix the actual damages of Lender in the event that any payment of interest or principal hereunder shall not be paid when due and that Lender will incur extra administrative expenses and loss of use of funds; therefore, Borrower agrees to pay Lender, in the event a payment of interest or principal is not made within five (5) days after the date it is due, an additional amount equal to ten percent (10%) of such late payment. Nothing in this Note shall be construed as an express or implied agreement by Lender to forbear in the collection of any delinquent payment, or be construed as in any way giving the Borrower the right, express or implied, to fail to make timely payments hereunder, whether upon payment of such damages or otherwise. The right of the holder hereof to receive payment of such damages, and receipt thereof, are without

prejudice to the right of such holder to accrue and charge interest on the delinquent payments from the due date thereof; to collect such delinquent payments and any other amounts provided to be paid hereunder or under any security for this Note; or to declare a default hereunder or under any security for this Note.

Failure to make any payment of principal and/or interest or to otherwise perform hereunder or under any other promissory note executed, or to be executed, by Borrower in favor of Lender, or an Event of Default by Borrower under the terms of the Deed of Trust, or a default by Borrower under any other agreement or instrument evidencing or securing the indebtedness evidenced hereby, or any other obligations of Borrower to the holder hereof, shall constitute a default hereunder and shall, at Lender's option, cause all of the unpaid principal of this Note, with interest accrued thereon and any other sums due under the Deed of Trust or other instruments, to become immediately due and payable.

Upon default hereunder, whether or not there is an acceleration of the maturity of the Loan, all amounts then unpaid under this Note, the Deed of Trust or any other instrument evidencing or securing the Loan, any accrued and unpaid interest payable to Lender from time to time and any unpaid fees, costs, expenses or advances payable to Lender from time to time, whether due and owing at the time of default or at any time thereafter, shall bear interest after the date of default at the rate of twenty eight percent (28%) per annum (the "Default Rate"). Delay or failure to exercise any option or right shall not constitute a waiver of the right to exercise same at any time thereafter or in the event of any continuing or subsequent default.

The acceptance of any payment hereunder which is less than payment of all amounts then due and payable shall not constitute a waiver of any of the rights or options of the holder hereof or to the exercise of those rights and options at the time of such acceptance or at any subsequent time. Principal, interest and other sums shall be payable by Borrower in lawful money of the United States of America in immediately available funds free and clear of, and without deduction for, any present or future taxes, withholdings or costs or reserves. No payment shall be deemed to have been received by Lender unless it consists of cash or other immediately available funds or until the proceeds of any check have been received by Lender in immediately available funds. Any payment received after noon on a day shall not be deemed to have been received until the next business day.

In the event that suit is brought hereon, or any attorney is employed or expenses are incurred by Lender in connection with the Loan whether or not any suit, proceeding or any judicial or non-judicial foreclosure proceeding is commenced, Borrower promises to pay all such expenses and reasonable attorneys' fees, including, without limitation, any attorneys' fees incurred in any bankruptcy proceeding.

This Note shall be construed and enforced in accordance with the internal laws of the State of Nevada, except to the extent pre-empted by federal law. Borrower agrees that Lender shall have the rights and remedies available to a

creditor under the laws of the State of Nevada. Borrower consents to the personal jurisdiction of the appropriate state or federal court located in Las Vegas, Nevada.

No waiver by Lender of any right or remedy shall be effective unless in writing and signed by Lender, and no such waiver, on any occasion, shall be construed as a waiver on any other occasion. Borrower waives any right of offset now or hereafter existing against the holder hereof.

In the event that this Note is executed by two or more persons or entities as Borrower, the liability of such persons or entities for the amounts due hereunder shall be joint and several.

Each maker, endorser and guarantor jointly and severally and to the extent permitted by law waives notice of intent to accelerate, acceleration, demand, presentment for payment, protest and notice of protest and non-payment of this Note; waives any and all lack of diligence or delays in the collection or enforcement hereof; and expressly agrees to remain and continue bound for the payment of the principal, interest and other sums provided for by the terms of this Note, Deed of Trust or any other document evidencing or securing the Loan, notwithstanding any extension of time for the payment of said principal or interest or other sum, or any change in the amount agreed to be paid under this Note, Deed of Trust or any other document evidencing or securing the Loan, or any change by way of release or surrender, exchange or substitution for any real estate security or other collateral security now held or which may hereafter be held as security for this Note, and waives all and every kind of notice of such extension or change, and agrees that the same may be made without notice to or joinder of Borrower or any other party.

In the event that the interest of Borrower in the Property encumbered by the Deed of Trust, or any part thereof, or any interest therein is sold, agreed to be sold, optioned, conveyed, alienated, encumbered or otherwise transferred by Borrower, voluntarily or involuntarily, whether by operation of law or otherwise, the obligations hereunder, irrespective of the maturity dates expressed herein, without demand or notice, shall immediately become due and payable. In the event that this Note becomes immediately due and payable pursuant to this paragraph, then, unless indicated otherwise in writing by the holder hereof, Borrower shall remain primarily liable for the obligations hereunder, under the Deed of Trust and under any other instrument securing this Note or executed in connection herewith. This provision shall apply to each and every sale, transfer, encumbrance or conveyance, regardless of whether or not the holder has consented to, or waived, holder's rights hereunder, whether by action or non-action, in connection with any previous sale, transfer, encumbrance or conveyance and whether or not the holder has received any payments after such event. A sale, assignment or transfer of any of the capital stock of ART Williamsburg, Inc. or the sale, assignment or transfer of any additional capital stock or ownership interests in ART Williamsburg, Inc. shall be deemed to be a sale of an interest of Borrower in a portion of the Property for purposes of this paragraph.

Any provision herein, or in any document securing this Note, or in any other document executed or delivered in connection herewith, or in any other agreement or commitment, whether written or oral, express or implied, to the contrary notwithstanding, neither Lender nor any holder of this Note shall ever be entitled to receive or collect, nor may amounts received hereunder be credited, in such a manner that Lender or any holder hereof would be paid, as interest, a sum greater than the maximum amount permitted by Applicable Law to be charged to the person, partnership, firm or corporation primarily obligated to pay this Note at the time in question (hereinafter called the "Maximum Rate"). If any construction of this Note or any document securing this Note, or any and all other papers, agreements or commitments, shall indicate a different right given to Lender or any holder hereof to ask for, demand or receive any larger sum as interest, such is a mistake in calculation or wording which this clause shall override and control, it being the intention of the parties that this Note, and all other instruments securing the payment of this Note or executed or delivered in connection herewith, shall in all things comply with Applicable Law and that proper adjustments shall automatically be made accordingly. If Lender or any holder hereof ever receives, collects or applies as interest any turn in excess of the Maximum Rate, such excess amount shall be applied to the reduction of the unpaid principal balance of this Note, and if this Note is paid in full, any remaining excess shall be paid to Borrower. In determining whether the interest paid or payable, under any specific contingency, exceeds the Maximum Rate, Borrower and Lender or any holder of this Note shall, to the maximum extent permitted under Applicable Law, characterize any non-principal payment as an expense or fee rather than as interest, exclude voluntary prepayments and the effects thereof, and "allocate and spread" the total amount of interest throughout the entire term of this Note so that the interest rate is uniform throughout the entire term of this Note; provided, that if this Note is paid and performed in full prior to the end of the full contemplated term hereof, and if the interest received for the actual period of existence thereof exceeds the interest permitted at the Maximum Rate, Lender or any holder hereof shall refund to Borrower the amount of such excess or return any consideration or credit the amount of such excess against the aggregate unpaid principal balance of all advances made by Lender or any holder hereof under this Note at the time in question.

Borrower states that this Note is good, valid, and in all respects free from all defenses, both in law and in equity, and that any person relying on said instruments or otherwise acquiring any interest therein may do so in reliance upon the truth of the matters herein recited.

THIS WRITTEN 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.

EQK HOLDINGS, INC.,

a Nevada corporation

By:/S/ KARL L. BLAHA

Karl L. Blaha

Title: President

ART WILLIAMSBURG, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

BASIC CAPITAL MANAGEMENT, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

AMERICAN REALTY TRUST, INC.,

a Georgia corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

Exhibit 10.9

LOAN AGREEMENT

This Loan Agreement, dated as of September 17, 2001, is entered into by and among AMERICAN REALTY TRUST, INC., a Georgia corporation ("ART"), ART WILLIAMSBURG, INC., a Nevada corporation ("AWI"), BASIC CAPITAL MANAGEMENT, INC., a Nevada corporation ("BCM"), EQK HOLDINGS, INC., a Nevada corporation ("EQK"), and SUNSET MANAGEMENT, LLC, a Nevada limited liability company ("Lender").

SECTION 1: DEFINITIONS AND ACCOUNTING TERMS.

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

"Agreement" means this Loan Agreement.

"ART Stock Pledge Agreement" means the Stock Pledge and Security Agreement of even date herewith among ART, Sunset and Pledge Holder relating to the assignment of 472,097 TCI Shares.

"Auxiliary Loan" means a component of the Loan in an amount equal to TEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$10,500,000) of principal of the Loan.

"Auxiliary Interest Rate" means an interest rate of twenty percent (20%) per annum.

"Base Loan" means and refers to all principal, interest and other sums due to Lender in connection with the Loan other than portion of the Loan represented by the Auxiliary Loan.

"Base Interest Rate" means an interest rate of twenty four percent (24%) per annum.

"BCM Stock Pledge Agreement" means the Stock Pledge and Security Agreement of even date herewith among BCM, Sunset and Pledge Holder relating to the assignment of 920,507 TCI Shares.

"Borrowers" refer collectively to EQK, ART, AWI and BCM.

"Business Day" means any weekday on which banks in the State of Nevada are open for business.

"Closing" means the initial closing of the transactions contemplated by this Agreement.

"Deed of Trust" means the Deed of Trust and Security Agreement of even date herewith executed by AWI in favor of Lender with respect to the Property either as originally executed or as it may from time to time be supplemented, modified or amended.

"Default Rate" means an interest rate of twenty-eight percent (28%) per annum.

"Disbursement" means the initial disbursement of loan proceeds by the Lender to the Title Company pursuant to this Agreement.

"Disbursement Agent" means the Title Company.

"Effective Date" means the date of this Agreement.

"EQK Stock Pledge Agreement" means the Stock Pledge and Security Agreement of even date herewith among BCM, Sunset and Pledge Holder relating to the assignment of 2,129,701 TCI Shares.

"Events of Default" means each of those events so designated in Section 7.1 of this Agreement.

"Existing Loan" means the loan made by Lender to EQK and AWI on or about June 29, 2001 in the original principal amount of \$10,309,278.35.

"Financing Statement" means a UCC financing statement in favor of Lender.

"Governmental Agency" means any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body.

"Guarantors" means, collectively, American Realty Investors, Inc., a Nevada corporation ("ARI"), Syntek West, Inc., a Nevada corporation ("SWI"), Triad Realty Services, Ltd., a Nevada limited liability company ("TRS") and Regis Realty, Inc., a Nevada corporation ("RRI").

"Guarantee" means each of the Guarantees executed by the Guarantors in favor of Lender, either as originally executed or as it may from time to time be supplemented, modified or amended.

"Laws" means, collectively, all federal, state and local laws, rules, regulations, ordinances and codes.

"Lender" means Sunset Management, LLC, a Nevada limited liability company.

"Loan" means the loan to be made by Lender to Borrowers pursuant to Section 3 hereof.

"Loan Documents" means, collectively, this Agreement, the Note, the Security Documents and each Guaranty, in each case either as originally executed or as may from time to time be supplemented, modified or amended, together with any other documents or instruments which may hereafter be executed by Borrowers or Guarantors from time to time in connection with the Loan.

"Note" means the promissory note of even date herewith, in the original principal amount of \$30,000,000, executed by ART, AWI, BCM and EQK in favor of Lender to evidence the Loan, either as originally executed or as it may from time to time be supplemented, modified or amended.

"Maturity Date" means the first anniversary of the date of the Note.

"Obligations" means: (i) all indebtedness, obligations and liabilities of or by the Borrowers and/or Guarantors to Lender and/or Pledge Holder in connection with or arising from the Loan, including, without limitation, all sums due to Lender and/or Pledge Holder under any one or more of the Loan Documents, whether such indebtedness, obligations and liabilities are direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint, several or joint and several, and whether payable at stated maturity, by acceleration or otherwise, together with interest thereon, fees, late charges, expenses and indemnification in connection therewith as provided in the respective Loan Documents; (ii) all sums advanced by Lender or Pledge Holder in order to preserve the Pledged Securities, the Property and/or other collateral for the Loan, and/or to preserve the security interest in the Pledged Securities or other collateral (or the priority thereof) or the lien of the Deed of Trust on the Property (or the priority thereof) granted under the Security Documents; and (iii) the expenses of retaking, holding, preparing for sale, selling or otherwise disposing of or realizing on the Pledged Securities, the Property and/or any other collateral, and/or of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities referred to above, or of any exercise by Lender or Pledge Holder of any of their respective rights or powers, together with reasonable attorneys' fees and disbursements and court costs.

"Obligors" means the Borrowers and Guarantors.

"Person" means any entity, any individual, trustee, corporation, limited liability company, partnership, trust, unincorporated organization or otherwise.

"Personal Property" means all present and future personal property of AWI of every kind and nature, whether tangible or intangible, now or hereafter located at, upon or about the Property.

"Pledge Holder" means the Pledge Holder under the ART, BCM and EQK Stock Pledge Agreements and its respective successors and assigns.

"Potentially Outstanding Shares of TCI" means at any time all of the shares of common stock of TCI then outstanding plus all of the additional shares of common stock of TCI that may be issued as a result of the exercise of any outstanding options, warrants, subscription rights or other contractual rights to acquire or receive any additional shares of TCI, whether or not immediately exercisable, and/or as a result of the conversion or exchange of any security or other property convertible into or exchangeable for any additional shares of TCI, whether or not immediately convertible or exchangeable.

"Property" means, collectively, the Real Property and all buildings, structures and other improvements now or hereafter located on all or any portion of the Real Property.

"Real Property" means the real property and interests in real property described in Exhibit A to the Deed of Trust.

"Security Agreement" means the Security Agreement of even date herewith by BCM, TRS and RRI in favor of Lender.

"Security Documents" means the Stock Pledge Agreements, Security Agreement, Deed of Trust, the Financing Statements and any other mortgage, deed of trust, assignment of leases, stock pledge agreement, security agreement or collateral assignment executed by any one or more of the Borrowers or Guarantors from time to time to secure the Obligations, either as originally executed or as they may from time to time be supplemented, modified or amended.

"Senior Encumbrance" means the first deed of trust that encumbers the Real Property as of the Effective Date in a priority position senior to the Deed of Trust.

"Stock Pledge Agreements" means the EQK, ART and BCM Stock Pledge Agreements.

"TCI" means Transcontinental Realty Investors, Inc., a Nevada corporation.

"TCI Shares" and similar terms mean shares of common stock of TCI.

"Title Company" means Commonwealth Land Title Insurance Company.

"Title Policy" means the Lender's policy of title insurance and endorsements thereto required by this Agreement.

1.2 Use of Defined Terms. Any defined term used in the plural refers to all members of the relevant class, and any defined term used in the singular shall refer to any number of the members of the relevant class. Any references to the Loan Documents and other instruments, documents and agreements refer to such Loan Documents and other instruments, documents and agreements as originally executed or as the same may be supplemented, modified or amended.

1.3 Accounting Terms. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis.

1.4 Exhibits. All exhibits to this Agreement, either as now existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference.

SECTION 2: RECITALS.

Borrowers have applied to Lender for the Loan in order to obtain funds for general working capital purposes. Lender is willing to make the Loan to Borrowers on the terms and conditions contained in this Agreement and the other Loan Documents.

SECTION 3: THE LOAN.

3.1 Amount of the Loan. Subject to the terms and conditions set forth in this Agreement, Lender agrees to make the Loan to ART, AWI, BCM and EQK in the principal amount of Thirty Million Dollars (\$30,000,000) (the "Loan Amount"), Lender's disbursement of which is also subject to the terms and conditions of the other Loan Documents. The Loan Amount shall be disbursed at Closing in an advance in the amount of \$30,000,000. The advance shall bear interest at the applicable rate set forth in the Note from the date the advance is wired by the Lender or for the Lender's account to one or more of the Borrowers and/or to a designee of one or more of the Borrowers or into escrow, whichever occurs first, until fully repaid to Lender.

3.2 Interest. Interest shall accrue and be payable to Lender from the date or dates of disbursement on the unpaid principal balance from time to time outstanding, at the rate of twenty-four percent (24%) per annum (the "Base Interest Rate") on the Base Loan and at the rate of twenty percent (20%) per annum (the "Auxiliary Interest Rate") on the Auxiliary Loan. All interest shall be compounded monthly on the fifteenth day of each month and shall be computed on the basis of a 360-day year and actual days elapsed.

3.3 Loan Fees. Borrowers shall pay to Lender as a loan fee (i.e., prepaid finance charge), at the Closing, the sum of: (a) \$525,000; (b) an amount equal to the sum of \$4,375 multiplied by the number of days between August 31, 2001 and the date of Closing; and (c) an amount (which shall not exceed the aggregate sum of \$25,000) equal to all costs (e.g., title insurance premiums, escrow charges, recording fees, mortgage recording taxes) other than the loan fee or "points" incurred by Bridge Aina Le'a, LLC, a Hawaii limited liability company ("BAL"), in connection with the

refinancing by BAL in August or September, 2001 of a mortgage loan held by Vestin Mortgage, Inc., a Nevada corporation, secured by certain real property in the State of Hawaii.

3.4 Existing Loan and Expenses. Borrower's shall pay to the Lender all principal, interest and other sums due on the Existing Loan at or prior to the Closing. Borrowers shall also pay or cause to be paid at the Closing all costs and expenses incurred and/or to be incurred by Lender in connection with the Loan and/or the Closing, including, without limitation, reasonable legal fees, title insurance premiums, escrow fees, recording costs and filing fees.

3.5 Payment of the Loan. Interest shall be payable on the fifteenth day of each month. The principal balance outstanding under the Note and all accrued and unpaid interest and other Obligations in connection with the Loan shall, if not sooner payable, all be due and payable in full on the Maturity Date.

3.6 Prepayment. All loan fees will be fully earned as of the date they are paid and will not be subject to refund upon any early payment of principal (whether voluntarily or as a result of default). Subject to the foregoing, Borrowers may prepay the Loan, in whole or in part, at any time, without penalty, upon not less than one (1) days prior written notice to Lender; provided that no partial prepayment shall be permitted unless the partial prepayment is in an integral multiple of \$1,000,000 or more. Upon any prepayment, Borrowers shall also pay all accrued interest, whether or not then payable. All payments on the Loan shall be applied first to fees, late charges, costs and advances due and payable to Lender under the Loan Documents; second to the payment of accrued interest; third to payment of principal of the Base Loan; and the balance to payment of principal representing the Auxiliary Loan.

3.7 Extension. Upon written request of Borrowers made not less than fifteen (15) days in advance of the Maturity Date, Lender will extend the Maturity Date of the Loan one time only for one year so long as: (a) the outstanding principal balance of the Loan has been reduced to the sum of \$15,000,000 or less at least ten (10) days prior to the Maturity Date as a result of one or more voluntary prepayments; (b) Borrowers pay Lender an extension fee at the time of the extension equal to five percent (5%) of the then outstanding principal balance of the Loan at least ten (10) days prior to the Maturity Date; and (c) the representations and warranties of all Obligors contained in the respective Loan Documents shall be true and correct on and as of the date of the extension as though made on and as of that date and no Event of Default (or event which, with the giving of notice and/or the passage of time, or both) would become an Event of Default) shall have occurred and be continuing. No extension of the Loan shall be effective or binding on Lender unless evidenced by a writing signed by Lender. Payment of an extension fee without a written agreement by Lender to extend the Loan will not constitute an extension of the Loan or a waiver of the requirement that any agreement for extension of the Loan must be evidenced by a writing executed by the Lender.

3.8 Security. The Security Documents shall secure the indebtedness evidenced by the Note and all other Obligations of Borrowers and Guarantors under the Loan Documents.

SECTION 4: CONDITIONS TO CLOSING.

4.1 Advance Conditions. The obligation of Lender to close and disburse the Loan is subject to satisfaction of the following conditions precedent:

(a) Borrowers shall, at their sole expense, have delivered or cause to be delivered to Lender, each of the Loan Documents in form and substance satisfactory to Lender fully executed (and, where indicated, acknowledged) by the respective Obligor and the Pledge Holder.

(b) Borrowers shall, at their sole expense, have delivered or cause to be delivered to Pledge Holder original stock certificates issued by TCI representing all of the TCI Shares assigned under the Stock Pledge Agreements together with a blank stock power executed by the registered owner of each of the certificates, and the Pledge Holder shall have confirmed to Lender its receipt of all such certificates and stock powers.

(c) The Deed of Trust shall have been recorded in the land records of the County in which the Property is located as a second priority lien on the Real Property;

(d) The Financing Statements required by Lender shall have been filed with the Secretaries of State of Texas, Nevada and Virginia, and recorded in the land records of the County in which the Property is located;

(e) The respective Obligor and the Pledge Holder shall have executed and/or delivered to Lender such additional agreements, certificates, reports, approvals, instruments, documents, consents and legal opinions as Lender may request;

(f) The representations and warranties of Borrowers contained in all of the Loan Documents shall be correct on and as of the date of the advance as though made on and as of that date and no Event of Default (or event which, with the giving of notice and/or the passage of time, would become an Event of Default) shall have occurred and be continuing;

(g) Borrowers shall have provided Lender with a legal opinion of Obligor's counsel, in form and substance satisfactory to Lender and Lender's counsel;

(h) Lender shall have been issued an ALTA form of extended coverage lender's policy of title insurance, or evidence of a irrevocable commitment therefor, issued by an insurer satisfactory to Lender, together with such endorsements and binders thereto as may be required by Lender, in a policy amount of \$10,000,000, insuring the Deed of Trust to be a valid second priority lien upon the Real Property, and showing the title to the Real Property to be subject only to exceptions approved by Lender; and

(i) Such other requirements and conditions as Lender shall impose.

SECTION 5: REPRESENTATIONS AND WARRANTIES BY OBLIGORS.

Each of the Borrowers and Guarantors jointly and severally represents and warrants to Lender as follows:

5.1 Organization, etc. Each of the Obligors other than TRS is a corporation, validly organized and existing and in good standing under the laws of the State of its formation, is duly qualified to do business and is in good standing as foreign corporation in each jurisdiction where the nature of its business requires such qualification, unless the failure to so qualify may not reasonably be expected to have a material adverse effect, and has full power and authority and holds all requisite governmental licenses, permits and other approvals necessary to enter into and perform its Obligations under this Agreement and each other Loan Documents to which it is a party and to own and hold its property and to conduct its business substantially as currently conducted. TRS is a limited partnership, validly organized and existing and in good standing under the laws of the State of its formation, is duly qualified to do business and is in good standing as foreign limited partnership in each jurisdiction where the nature of its business requires such qualification, unless the failure to so qualify may not reasonably be expected to have a material adverse effect, and has full power and authority and holds all requisite governmental licenses, permits and other approvals necessary to enter into and perform its Obligations under this Agreement and each other Loan Documents to which it is a party and to own and hold its property and to conduct its business substantially as currently conducted.

5.2 Due Authorization, Non-Contravention, etc. The execution,

delivery and performance by each of the Obligors of this Agreement, the Note, and/or each other Loan Document executed or to be executed by it, are within each such Person's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene such Person's articles of incorporation, bylaws or limited partnership agreement;

(b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting any of the Borrowers or Guarantors; or

(c) result in, or require the creation or imposition of, any lien on any assets of any of the Borrowers or Guarantors other than pursuant to the Loan Documents.

5.3 Government Approval, Regulation, etc. Except for such authorizations, approvals or notices obtained or delivered as of the Effective Date or subsequently required in connection with the addition of any Guarantor or the pledge of any additional collateral, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Obligors of this Agreement, the Notes or any other Loan Document. None of the Obligors is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.4 Validity, etc. This Agreement constitutes, and the Note and each other Loan Document executed by the respective Obligors will, on the execution and delivery thereof, constitute, the legal, valid and binding obligations of the respective Obligors enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, and general principles of equity.

5.5 Financial Information. The Financial Statements which have been furnished to Lender have been prepared in accordance with GAMP consistently applied, and present fairly the financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended.

5.6 Litigation, etc. As of the Effective Date, there is no pending or, to the knowledge of the respective Obligors, threatened litigation, action, or proceeding affecting any of the respective Obligors or any of their respective properties, assets or revenues, which, if adversely determined, may be reasonably expected to have a material adverse effect.

5.7 Ownership of Properties. The Obligors that are parties to the Security Documents have good and marketable title to all of their respective properties and assets which are the subjects of the respective Security Documents, free and clear of all liens, charges or claims except the senior deed of trust encumbering the Property. The provisions of the Security Documents are effective to create, in favor of Lender or the Pledge Holder (for the benefit of the Lender), valid and perfected first priority liens on the properties and assets which are the subjects of the respective Security Documents, subject in the case of the Property to the senior deed of trust encumbering the Property.

5.8 Compliance. The Obligors and TCI are in compliance with all presently existing applicable statutes, laws, regulations, rules, ordinances and orders of any kind whatsoever (all of which are sometimes hereinafter collectively referred to as "Laws"), and with all presently existing covenants and restrictions, except to the extent that failure to so comply may not reasonably be expected to have a material adverse effect.

5.9 No Material Adverse Change. There has been no material adverse change in the condition, financial or otherwise, of Borrowers or the Guarantors since the dates of the financial statements referred to in Section 5.5.

5.10 Tax Liability. Borrowers and Guarantors have filed all tax returns (federal, state and local) required to be filed and have paid all taxes shown thereon to be due and all property taxes due, including interest and penalties, if any. Borrowers and Guarantors have established and are maintaining necessary reserves for tax liabilities, if any.

SECTION 6: AFFIRMATIVE AND NEGATIVE COVENANTS.

Until payment of the Note in full and performance of all obligations of the respective Obligors under the Loan Documents, unless Lender otherwise consents in writing, each of the Borrowers and Guarantors jointly and severally agrees to perform and/or cause to be performed the obligations set forth in this Section 6:

6.1 Financial Information, Reports, Notices, etc. The Obligors will furnish to Lender copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of each of the Obligors, balance sheets of the respective Borrowers and Guarantors as of the end of such fiscal quarter and consolidated statements of income and cash flow of the Borrowers and Guarantors for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, certified by the chief financial officer of the respective Obligors;

(b) as soon as available and in any event within 90 days after the end of each fiscal year of each of the Obligors, a copy of the annual audit report for such fiscal year for the Obligor, including therein balance sheets of the Obligor as of the end of such fiscal year and statements of income and cash flow of the Obligor for such fiscal year, in each case certified (without any qualification) in a manner acceptable to the Lender by independent public accountants reasonably acceptable to the Lender, together with a certificate from such accountants to the effect that, in making the examination necessary for the signing of such annual report by such accountants, they have not become aware of any default or Event of Default that has occurred and is continuing under the Loan Documents, all as certified by the chief financial officer of the Obligor;

(c) promptly after request by the Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Obligor by independent accountants in connection with the accounts or books of the Obligor or any of its subsidiaries, or any audit of any of them;

(d) as soon as possible and in any event within five days after any Obligor obtains knowledge of the occurrence of each default or Event of Default, a statement of an authorized officer of the Obligor setting forth details of such default and the action which the Obligor has taken and proposes to take with respect thereto;

(e) promptly after the sending or filing thereof, copies of all reports and registration statements which the Obligor or any of its subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(f) such other information respecting the condition or operations, financial or otherwise, of the Obligor as Lender may from time to time reasonably request.

6.2 Compliance with Laws, etc. Each Obligor will comply in all material respects with all applicable laws, rules, regulations and orders except to the extent that failure to so comply may reasonably be expected to have a material adverse effect.

6.3 Books and Records. The Obligors will keep books and records which accurately reflect all of their business affairs and transactions and permit the Lender or any of its respective representatives, at reasonable times and intervals, to visit all of its offices, to discuss its financial matters with its officers and independent public accountant (and the Obligor hereby authorizes such independent public accountant to discuss the Obligor's financial matters with Lender or its representatives whether or not any representative of the Obligor is present) and to examine (and, at the expense of the Obligor, photocopy a reasonable number of extracts from) any of its books or other corporate records. The Obligors shall cooperate with any representative of the Lender in connection with the exercise by the Lender of its rights under this Section.

6.4 Maintenance of Existence. The Obligors will take all action necessary to maintain their respective corporate existences.

6.5 Transactions with Affiliates. The Obligors will not, and will not permit any of their respective subsidiaries to, enter into, or cause, suffer or permit to exist, any arrangement or contract with any of their respective affiliates, including without limitation, any management contract, unless such arrangement is fair and equitable to the Obligor and/or such subsidiary and is of a sort which would be entered into by a prudent Person in the position of the Obligor or such subsidiary with, or which is on terms which are no less favorable than are obtainable from, any Person which is not one of their affiliates.

6.6 Transactions with Affiliates of TCI. The Obligors will not permit TCI or any of its subsidiaries to enter into, or cause, suffer or permit to exist, any arrangement or contract involving TCI or any of its subsidiaries, with any of the affiliates of TCI or with any of the Obligors or any affiliates of any of the Obligors, including without limitation, any management contract, unless such arrangement is fair and equitable to the TCI and/or such subsidiary of TCI and is of a sort which would be entered into by a prudent Person in the position of TCI or such subsidiary with, or which is on terms which are no less favorable than are obtainable from, any Person which is not an affiliate of TCI.

6.6 Certain Payments and Distributions by Obligors. The Obligors will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of the respective Obligors or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the respective Obligors or apply, or permit any of its subsidiaries to apply, any of their funds or assets to the purchase or redemption of any shares of capital stock of the respective Obligors unless (i) both before and after giving effect to any such dividend, distribution, purchase or redemption, there shall not exist a

default or an Event of Default and (ii) the aggregate amount of such dividends, distributions, purchases or redemptions does not adversely affect the liquidity, net worth or liquidation value of any of the Obligor as the same existed on June 30, 2001.

6.7 Certain Payments and Distributions by TCI. The Obligor will not permit TCI to declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of TCI or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of TCI or apply, or permit any of TCI's subsidiaries to apply, any of their funds or assets to the purchase or redemption of any shares of capital stock of TCI or its subsidiaries unless the aggregate amount of such dividends, distributions, purchases and redemptions after the Effective Date does not adversely affect the liquidity, net worth or liquidation value of TCI and its subsidiaries as the same existed on June 30, 2001.

6.8 Asset Dispositions, etc. The Obligor will not sell or dispose of all or any part of the assets or property which is the subject of any of the Security Documents without the prior written consent of Lender.

6.9 Proportion of Ownership. The Obligor will: (a) as of October 15, 2001 and at all times thereafter, cause the number of TCI Shares assigned to the Pledge Holder as agent for Lender under the Stock Pledge Agreements to represent not less than forty-four percent (44%) of all of the Potentially Outstanding Shares of TCI as of October 15, 2001 and at all times thereafter; and (b) not permit TCI to issue or contract for the issuance of any additional TCI Shares or any options, warrants, subscription rights or other contractual rights to acquire or receive any additional shares of TCI, whether or not immediately exercisable, and/or any security or other property convertible into or exchangeable for any additional shares of TCI, whether or not immediately convertible or exchangeable, unless prior to such issuance or contract: (i) the Obligor has assigned and delivered to the Pledge Holder as agent for Lender under the Stock Pledge Agreements certificates representing a sufficient number of additional TCI Shares to be in compliance with their 44% covenant in item (i) above immediately following such issuance or contract by TCI together with a blank stock power for each such additional certificate executed by the registered owner thereof; (ii) the Pledge Holder has acknowledged receipt of such additional certificates and blank stock powers; and (iii) the pledgor of the additional certificates, Pledge Holder and Lender have entered into any amendments of the Stock Pledge Agreements and/or new Stock Pledge Agreements that Lender may require to establish and perfect the security interest of Pledge Holder as agent for Lender and/or Lender in the additional TCI Shares. Notwithstanding the specification of the forty-four percent (44%) figure in the preceding provisions of this Paragraph, the Obligor shall have the right to reduce the 44% figure by four percent (4%) to the figure of only forty percent (40%) by making one or more voluntary prepayments of the Loan on or prior to October 15, 2001 that reduce the outstanding principal balance of the Loan as of the close of business on October 15, 2001 to Twenty Five Million Dollars (\$25,000,000) or less.

SECTION 7: EVENTS OF DEFAULT AND REMEDIES UPON DEFAULT.

7.1 Events of Default. The occurrence of any default or breach in payment or performance of any of the Obligations and/or the occurrence of an Event of Default under this Agreement any of the other Loan Documents shall constitute an Event of Default hereunder so long as: (a) the Obligor or Obligors responsible for such payment or performance have previously received a written notice of default from Lender concerning such default and have failed fully to cure such default within five calendar days following such notice; or (ii) if no previous notice has been provided by Lender to any of the Obligors, the Borrowers fail to fully cure such default within five calendar days following written notice of default from Lender concerning such default. Lender shall permit an Obligor fully to cure a default by any other Obligor within the aforementioned five day period. The Obligors will be in breach of a covenant under this Agreement not to permit certain acts, omissions, contracts, transactions or other matters by or affecting TCI if the specified act, omission, contract, transaction or other matter occurs, whether or not the respective Obligors tried to prevent or had the power to prevent its occurrence. The Obligors will also be in breach of a covenant under this Agreement not to permit certain acts, omissions, contracts, transactions or other matters by or affecting TCI if a question involving or resulting in the specified act, omission, contract, transaction or other matter is stated in proxy material to be the proposed subject of a vote by the shareholders of TCI, whether or not any of the respective Obligors vote in favor of or against the measure and whether or not the measure passes.

7.2 Remedies Upon Default. Upon the occurrence of any Event of Default, Lender may, at its option, do any or all of the following:

(a) declare the principal of all amounts owing under the Note, this Agreement and the other Loan Documents and all other Obligations secured by the Security Documents, together with interest thereon, and any other obligations of Obligors to Lender to be forthwith due and payable, regardless of any other specified maturity or due date, without further notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, and without the necessity of prior recourse to any security;

(b) terminate all rights of Obligors and obligations of Lender under the Loan Documents;

(c) exercise any and all of its rights and cause the Pledge Holder to exercise any and all of its rights under the respective Loan Documents, including but not limited to, the right to take possession of and foreclose on any security, and exercise any other rights with respect to any security, whether under the Security Documents or any other agreement or as provided by Law, all in such order and in such manner as Lender in its sole discretion may determine.

7.3 Cumulative Remedies; No Waiver. All remedies of Lender provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided in the other Loan Documents or provided by Law from time to time. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of any default hereunder or under any of the other Loan Documents, nor invalidate any notice of default or any act done

pursuant to any such notice, nor prejudice Lender in the exercise of any rights hereunder or under the other Loan Documents. No waiver by Lender of any default by Borrowers hereunder shall be implied from any omission by Lender to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default expressly made the subject of the waiver. Any such express waiver shall operate only for the time and to the extent therein stated. Any waiver of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. Lender's consent to or approval of any act by an Obligor requiring consent or approval shall not waive or render unnecessary Lender's consent to or approval of any subsequent act.

SECTION 8: MISCELLANEOUS.

8.1 Performance by Lender. In the event that any Obligor shall default in or fail to perform any of its obligations under the Loan Documents, Lender, without limiting any of its rights, may, but is not obligated to, perform the same, and Obligors agree to pay to Lender, within seventy-two (72) hours after demand, all costs and expenses incurred by Lender in connection therewith, including without limitation actual attorneys' fees reasonably incurred, together with interest thereon from the date of expenditure at the Default Rate.

8.2 Actions. Provided the Obligors have not promptly so acted, Lender shall have the right to commence, appear in, and defend any action or proceeding purporting to affect the rights or duties of the parties hereunder, the payment of any funds and/or any of the assets subject to the respective Security Documents, and in connection therewith Lender may pay reasonable expenses, employ counsel, and pay reasonable attorneys' fees. The Obligors agree to pay to Lender, within seventy-two (72) hours after demand, all costs and expenses incurred by Lender in connection therewith, including without limitation actual attorneys' fees reasonably incurred, together with interest thereon from the date of expenditure at the Default Rate.

8.3 Nonliability of Lender. Borrowers acknowledges and agrees that:

(a) By accepting or approving anything required to be observed, performed, fulfilled or given by or to Lender pursuant to the Loan Documents, including any certificate, financial statement, appraisal or insurance policy, Lender does not thereby warrant or represent the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by Lender; and

(b) Lender's relationship with the respective Obligors under the Loan Documents is, and at all times shall remain, solely that of borrower and lender or guarantor and lender, as the case may be, and Lender neither undertakes nor assumes any responsibility or duty to Obligors or to any other Person with respect to TCI, the shares of TCI subject to the Stock Pledge Agreements, the Property or Loan, except as otherwise expressly provided in the Loan Documents. Notwithstanding any other provision of the Loan Documents: (i) Lender is not, and shall not be construed as, a partner, joint venturer, alter-ego, manager, controlling person or an insider or other business associate or participant of any kind of any Obligor, and Lender does not intend to ever assume such status; (ii) Lender's activities in connection with the Loan Documents are not and shall not be deemed to be outside the scope of the activities of a lender of money under Nevada law, as amended or recodified from time to time; and (iii) Lender shall not be liable or responsible for the exercise of any rights, powers or discretions available to the Lender under the Loan Documents.

8.4 No Third Parties Benefitted. This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of Obligors and Lender in connection with the Loan. It is made solely for the protection of Lender, Pledge Holder and the Obligors, and the successors and assigns of Lender and Pledge Holder. No other Person shall have any rights of any nature hereunder or by reason hereof.

8.5 Inconsistencies. The provisions of Section 7.1 of this Agreement control over any provisions of the other Loan Documents that entitle Lender to accelerate the Maturity Date without notice or on less than five day's notice. Except as specified in the preceding sentence, in the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the other Loan Documents, or in the event of any conflict or inconsistency between the provisions of any of the other Loan Documents, Lender shall have the right, at its option and in its sole discretion, to choose the provisions or provisions deemed by Lender to be more favorable to Lender. Such choice may be made by Lender without notice to the Obligors.

8.6 Indemnity. The Obligors jointly and severally indemnify Lender against, and hold Lender harmless from, any and all losses, damages (whether general, punitive or otherwise), liabilities, claims, cause of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses, including attorneys' fees, which Lender may suffer or incur as a direct or indirect consequence of: (a) Lender's performance of this Agreement or any of the Loan Documents, including, without limitation, Lender's exercise or failure to exercise any rights, remedies or powers in connection with this Agreement or any of the Loan Documents but excluding charges and assessments by Governmental Agencies imposed upon the Lender in the normal course of the Lender's business such as taxes and regulatory fees; (b) the failure to perform any of the Obligations as and when required by this Agreement or any of the other Loan Documents, including, without limitation, any failure, at any time, of any representation or warranty of any Obligor to be true and correct and any failure by any Obligor to satisfy any condition; (c) any claim or cause of action of any kind by any Person to the effect that Lender is in any way responsible or liable for any act or omission by any of the Obligors, whether on account of any theory of derivative liability or otherwise, including but not limited to any claim or cause of action for fraud, misrepresentation, tort or willful misconduct; (d) any act or omission by any of the Obligors, any contractor, subcontractor or material supplier, engineer, architect, or any other Person with respect to the Property; or (e) any claim or cause of action of any kind by any Person which would have the effect of denying Lender the full benefit or protection of any provision of this Agreement or the Loan Documents but excluding charges and assessments by Governmental Agencies imposed upon Lender in the normal course of Lender's business such as taxes and regulatory fees. Lender's rights of indemnity shall not be directly or indirectly limited, prejudiced, impaired

or eliminated in any way by any finding or allegation that Lender's conduct is active, passive or subject to any other classification or that Lender is directly or indirectly responsible under any theory of any kind, character or nature for any act or omission by any Obligor or any other Person. Notwithstanding the foregoing, the Obligors shall not be obligated to indemnify Lender with respect to any knowing and willful misconduct or act of gross negligence which Lender is personally determined by the judgment or a court of competent jurisdiction (sustained on appeal, if any) to have committed. The Obligors shall pay any indebtedness arising under this indemnity to Lender immediately within seventy-two (72) hours after demand therefor by Lender together with interest thereon from the date such indebtedness arises until paid at the Default Rate. The duty to defend and indemnify Lender shall survive the release and cancellation of the Note and the release and reconveyance of the Deed of Trust and/or any other assets subject to the respective Security Documents.

8.7 Commissions . The Obligors hereby indemnify Lender from the claim of any Person for a commission or fee in connection with the Loan.

8.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of Lender and the Obligors and their respective successors and assigns; however, except as provided herein, the Borrowers and Guarantors may not assign any rights or interest or delegate any of their duties under this Agreement or any of the other Loan Documents without prior written consent of Lender.

8.10 Amendments; Consents. No amendment, modification, supplement, termination or waiver of any provision of this Agreement or any of the other Loan Documents, and no consent to any departure by any of the Obligors therefrom, may, in any event, be effective unless in writing signed by Lender, and then only in the specific instance and for the specific purpose given.

8.11 Costs, Expenses and Taxes. Borrowers shall pay to Lender, within seven days after demand therefor:

(a) all actual attorneys' fees and other out-of-pocket expenses reasonably incurred by Lender in connection with the negotiation, preparation, execution, delivery and/or administration of this Agreement and/or any other Loan Documents and/or any matter related thereto or to the Loan, including, without limitation, the actual fees and out-of-pocket expenses, reasonably incurred, of Lender's legal counsel, independent public accountants, engineers, architects and other third parties, inspectors or outside experts retained by Lender;

(b) the actual costs and expenses of Lender in connection with the Second Advance and/or any modification of any Loan Document and/or negotiation, preparation, execution, delivery and/or administration of any additional loan documents and/or in connection with the enforcement or attempted enforcement of this Agreement and any other Loan Document and/or any matter related thereto, including the actual fees and out-of-pocket expenses, reasonably incurred, of Lender's legal counsel, independent public accountants, engineers, architects and other third parties, inspectors or outside experts retained by Lender;

(c) all costs, expenses, fees, premiums and other charges relating or arising with respect to the Loan Documents or any transactions contemplated thereby or the compliance with any of the terms and conditions thereof, including, without limitation, the Pledge Holder's fees, appraisal fees, inspection fees, recording fees, filing fees, release or reconveyance fees, title insurance premiums, and the cost of realty tax service for the term of the Loan; and

(d) all payments and advances made by Lender to preserve, maintain or protect any security for the Loan or the priority of the lien or security interest granted therein under the Security Documents.

All sums that Lender pays or expends under the terms of this Agreement and the other Loan Documents are and shall be deemed to be a part of the Loan. Except as otherwise specifically stated herein, all such sums shall be secured by the Security Documents, shall bear interest from the date of expenditure as if such sums were advances under the Note, and shall be immediately due and payable by Borrowers within seventy-two (72) hours after demand therefor.

8.12 Survival of Representations and Warranties. All representations and warranties of Borrowers and the Guarantors contained herein or in any other Loan Document shall survive the making of the Loan and execution and delivery of the Note, are material, and Lender has or will rely upon them, notwithstanding any investigation made by or on behalf of Lender. For the purpose of the foregoing, all statements contained in any certificate, agreement, financial statement, or other writing delivered by or on behalf of Borrowers or the Guarantors pursuant hereto or to any other Loan Document or in connection with the transactions contemplated hereby or thereby constitute representations and warranties of Borrowers or the Guarantors contained herein or in the other Loan Documents, as the case may be.

8.13 Notices. All notices to be given pursuant to this Agreement shall be sufficient if given by personal service, by a national overnight delivery service, by telecopy or by being mailed postage prepaid, certified or registered mail, return receipt requested, addressed to the respective parties at the addresses of the parties hereto as set forth below, or to such other address as a party may request in writing. Any time period provided in the giving of any notice hereunder shall commence upon the date of personal service, the date after delivery to the national overnight delivery service, the date of sending the telecopy or three (3) days after mailing by certified or registered mail.

Obligors:

1800 Valley View Lane

Suite 300

Dallas, Texas 75234

Attention: Mr. Robert Waldman

Fax: (469) 522-4299

With copy to:

Jay A. LaJone, Esq.

Bennett, Weston & LaJone, P.C.

1750 Valley View Lane

Suite 120

Dallas, Texas 75234

Fax: (214) 373-6810

Lender:

Sunset Management, LLC

Suite 700

1055 East Tropicana

Las Vegas, Nevada 89119

Attn. Mr. Sandy Marr

Fax: (702) 434-1644

with copy to:

Philip A. Murphy, Jr.

3900 Paradise Road, Suite 283

Las Vegas, Nevada 89109

8.14 Further Assurances. Borrowers and Guarantors shall, at their sole expense and without expense to Lender, do such further acts and execute and deliver such additional documents as Lender from time to time may require for the purpose of assuring and confirming unto Lender the rights created or intended now or hereafter so to be under this Agreement or any of the other Loan Documents, or for carrying out the intention or facilitating the performance of the terms of any Loan Document, or for assuring the validity and priority of any security interest or lien under any Security Document.

8.15 Governing Law. Except as otherwise specifically provided therein, the laws of the State of Nevada shall govern the construction and enforcement of the Loan Documents.

8.16 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid shall be inoperative, unenforceable or invalid without affecting the remaining provisions, and to this end the provisions of all Loan Documents are declared to be severable.

8.17 Headings. Section headings in this Agreement are included for convenience of reference only and are not part of this Agreement for any other purpose.

8.18 Time of the Essence. Time is of the essence.

8.19 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

8.20 Fax Signatures. Facsimiles of the execution pages of this Agreement shall be considered originals of such signatures. Upon request of a party, originals of any facsimile signatures shall be mailed by overnight delivery to the requesting party within one (1) day of such request.

8.21 Joint and Several Liability. All of the Obligations shall be joint and several obligations and liabilities of each of the respective Obligor.

8.22 Certain Waivers. Each of the Obligor hereby waives and relinquishes all rights and remedies accorded by applicable law to co-makers and/or guarantors and agrees not to assert or take advantage of any such rights or remedies, including, without limitation any right provided by NRS 40.430, or any other statute or decision, to require Lender to proceed against any one or more of the Obligor or any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against one or more Obligor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SUNSET MANAGEMENT, LLC,

a Nevada limited liability company

By: /S/ SANDY MARR

Sandy Marr

Title: Authorized Agent

EQK HOLDINGS, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

ART WILLIAMSBURG, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

BASIC CAPITAL MANAGEMENT, INC.,

a Nevada corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

AMERICAN REALTY TRUST, INC.,

a Georgia corporation

By: /S/ KARL L. BLAHA

Karl L. Blaha

Title: President

TRIAD REALTY SERVICES, LTD.,

a Nevada limited partnership

By: Basic Capital Management, Inc.,

a Nevada corporation