

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of the ____ day of _____, 20__, by and between _____ ("Employee") and Salt Pond Homeowners Association, Inc., a Delaware corporation (the "Corporation").

SECTION 1: TERM OF EMPLOYMENT

(a) The Corporation agrees to retain the services of Employee as an employee, and the Employee agrees to remain in employment with the Corporation, from the date of this Agreement, until the earliest of:

(1) the date of the Employee's death; or
(2) the date when the Employee's employment terminates pursuant to Subsection (b), (c), (d) or (e) below.

(b) Two years from the effective date of this Agreement.

(c) Termination for Cause. The Corporation may terminate the Employee's employment at any time for Cause shown by giving the Employee not less than two (2) days' advance notice in writing. For all purposes under this Agreement, "Cause" shall mean (1) a pattern of insubordination or willful failure by the Employee to substantially perform the Employee's duties under this Agreement, other than a failure resulting from the Employee's complete or partial incapacity due to physical or mental illness or impairment, (2) a willful act by the Employee that constitutes gross misconduct and that is injurious to the Corporation, (3) a willful breach by the Employee of a material provision of this Agreement, (4) a material and willful violation of a federal or state law or regulation applicable to the business of the Corporation, (5) being formally charged by a federal, state or local authority with any crime that would be a felony, or with any misdemeanor crime relating to theft or moral turpitude, or (6) the use of alcohol during the Employee's work hours or the possession or use of illegal drugs at any time. No act, or failure to act, by the Employee shall be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Corporation's best interest.

(d) Termination for Disability. The Corporation may terminate the Employee's employment for Disability by giving the Employee not less than two months' advance notice in writing. For all purposes under this Agreement, "Disability" shall mean that the Employee, at the time notice is given, has been unable to perform the Employee's duties under this Agreement for a period of not less than two consecutive months as the result of the Employee's incapacity due to physical or mental illness. In the event that the Employee resumes the performance of substantially all of the Employee's duties under this Agreement before the termination of the Employee's employment under this section becomes effective, the notice of termination shall automatically be deemed to have been revoked.

(e) Notice. For all purposes under this Section 1, the employment relationship shall terminate on the date specified in the notice of termination. Any waiver of notice shall be valid only if it is made in writing and expressly refers to the applicable notice requirement of this Section 1. If the Corporation specifies a termination date that is earlier than the minimum advance notice date required under Subsection (b), (c) or (d) (as applicable), then the Employee is entitled to pay and benefits in lieu of the omitted period of advance notice.

SECTION 2: DUTIES AND SCOPE OF EMPLOYMENT

(a) Position. The Corporation agrees to employ the Employee for the term of employment under this Agreement in the position of _____, reporting to the Corporation's Board of Directors (as such position was defined in terms of responsibilities by the Corporation's Board of Directors as of the effective date of this Agreement).

(b) Obligations. During the term of employment under this Agreement, the Employee shall devote the Employee's full business efforts and time to the Corporation. The foregoing shall not preclude the Employee from engaging in outside appropriate civic, charitable or religious activities or from devoting a reasonable amount of time to private investments or from serving on the boards of directors of other entities, as long as such activities and service do not occur during Employee's hours of employment and do not otherwise interfere or conflict with the Employee's responsibilities to the Corporation.

SECTION 3: BASE COMPENSATION

During the term of employment under this Agreement, the Corporation agrees to pay the Employee as compensation for services a base salary at the annual rate of \$_____ (less applicable taxes and deductions), or at such higher rate as the Corporation's Board of Directors may determine from time to time. Such salary shall be payable in accordance with the standard payroll procedures of the Corporation.

SECTION 4: EMPLOYEE BENEFITS

(a) In General. During the term of employment under this Agreement, the Employee may, at the discretion of the Corporation, be eligible to participate in any employee benefit plans maintained by the Corporation, including (without limitation) pension plans, savings or profit-sharing plans, deferred compensation plans, supplemental retirement or excess-benefit plans, incentive or other bonus plans, life, disability, health, accident and other insurance programs, and similar plans or programs, subject in each case to the generally applicable terms and conditions of the plan or program in question and to the discretion and determinations of any person, committee or entity administering such plan or program. Nothing herein requires the Corporation to provide or offer any such employee benefit plans.

(b) Paid Vacation. The Employee shall be eligible for paid vacation of weeks, which vacation shall be scheduled and approved by the Board of Directors of the Corporation.

(c) Sick Leave. The Employee shall be entitled to days of sick leave per year.

SECTION 5: CONFIDENTIAL INFORMATION

(a) Acknowledgment. The Corporation and the Employee acknowledge that the services to be performed by the Employee under this Agreement are unique and extraordinary and that, as a result of the Employee's employment, the Employee will be in a relationship of confidence and trust with the Corporation and will come into possession of "Confidential Information" (1) owned or controlled by the Corporation, (2) in the possession of the Corporation and belonging to third parties, or (3) conceived, originated, discovered or developed, in whole or in part, by the Employee. As used herein "Confidential Information" includes trade secrets and other confidential or proprietary business, technical, personnel or financial information, whether or not the Employee's work product, in written, graphic, oral or other tangible or intangible forms, including but not limited to specifications, samples, records, data, computer programs, drawings, diagrams, models, customer names, business or marketing plans, studies, analyses, projections and reports, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and software systems and processes. Any information that is not readily available to the public shall be considered to be a trade secret and confidential and proprietary, even if it is not specifically marked as such, unless the Corporation advises the Employee otherwise in writing.

(b) Nondisclosure. The Employee agrees that the Employee will not, without the prior written consent of the Corporation, directly or indirectly use or disclose Confidential Information to any person, during or after the Employee's employment, except as may be necessary in the ordinary course of performing the Employee's duties under this Agreement. The Employee will keep the Confidential Information in strictest confidence and trust. This Section 5 shall apply indefinitely, both during and after the term of this Agreement.

(c) Surrender upon Termination. The Employee agrees that in the event of the termination of the Employee's employment for any reason, the Employee will immediately deliver to the Corporation (and/or other members of the Corporation, as applicable) all property belonging to the Corporation, including all documents and materials of any nature pertaining to the Employee's work with the Corporation, and will not take with the Employee any documents or materials of any description, or any reproduction thereof of any description, containing or pertaining to any Confidential Information. It is understood that the Employee is free to use information that is in the public domain (not as a result of a breach of this Agreement).

SECTION 6 MISCELLANEOUS PROVISIONS

(a) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Corporation (other than the Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Whole Agreement. No agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. In addition, the Employee hereby acknowledges and agrees that this Agreement supersedes in its entirety any employment agreement between the Employee and the Corporation in effect immediately prior to the effective date of this Agreement. As of the effective date of this Agreement, such employment agreement shall terminate without any further obligation by either party thereto, and the Employee hereby relinquishes any further rights that the Employee may have had under such prior employment agreement.

(c) Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Employee, mailed notices shall be addressed to the Employee at the home address that the Employee most recently communicated to the Corporation in writing. In the case of the Corporation, mailed notices shall be addressed to

(d) No Setoff. There shall be no right of setoff or counterclaim, with respect to any claim, debt or obligation, against payments to the Employee under this Agreement.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the state of Delaware, irrespective of Delaware's choice-of-law principles.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. The parties agree that in the event a dispute arises between the parties regarding this Agreement the sole legal recourse of either party hereto shall be to submit such dispute to binding arbitration before an arbitrator agreed to by the parties, or, if the parties cannot agree, appointed by the American Arbitration Association, pursuant to its rules regarding employment disputes. The costs of the arbitration, including the arbitrator's fees shall be divided evenly between the parties, but otherwise the parties shall bear their own costs and attorneys' fees in any such arbitration. The

arbitrator shall be empowered to order both legal and equitable relief, as may be warranted in the circumstances. The arbitrator's order, upon application to a Delaware Court of competent jurisdiction, may be entered as a binding and enforceable judgment of that Court. For the purpose of the appointment of an arbitrator, the parties hereto consent to the jurisdiction of the American Arbitration Association and agree to accept service of process via overnight express mail.

The arbitration process shall be initiated by written demand directed via overnight mail to:

Salt Pond Homeowners Association, Inc.
c/o Legum & Norman
C4 Edgewater Sea Colony East
Bethany Beach, DE 19930

The arbitration shall take place in Delaware by the arbitrator and shall be concluded within 30 days from the date of the demand for arbitration. The parties shall agree on the procedures to be used for the arbitration. In default of such agreement, the arbitrator shall determine the procedures to apply. Any party hereto may apply to the arbitrator for temporary, emergency relief, which may be granted pending final relief, as appropriate in the circumstances.

(h) No Assignment of Benefits. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Subsection (h) shall be void.

(i) Employment at Will; Limitation of Remedies. The Corporation and the Employee acknowledge that the Employee's employment is at will, as defined under applicable law. If the Employee's employment terminates for any reason, the Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement.

(j) Employment Taxes. All payments made pursuant to this Agreement shall be subject to withholding of applicable taxes.

(k) Benefit Coverage Nonadditive. In the event that the Employee is entitled to life insurance and health plan coverage under more than one provision hereunder, only one provision shall apply, and neither the periods of coverage nor the amounts of benefits shall be additive.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Corporation by its duly authorized officer, as of the day and year first above written.

Employee

Witness

The Salt Pond Homeowners Association, Inc.

Witness

By:
Title:
Date: