

LAND SALE AGREEMENT

This Land Sale Agreement (Agreement)'is entered into this ___ day of January, 2007 by and among Salt Pond Associates, a Delaware general partnership; its partners, Kenneth A. Simpler and C.E. Rupert Smith (collectively, **SPA**); Salt Pond Associates, LLC, a Delaware limited liability corporation (**SPA LLC**); Salt Pond Golf Associates, LLC, a Delaware limited liability corporation (**SP Golf Associates**); together with SPA and SPA LLC, **Seller**); and The Salt Pond Homeowners Association, Inc., a Delaware corporation, (**SPHA** ör **Buyer**).'

1. PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer agrees to purchase:

a) that certain property commonly referred to as the Salt Pond Golf Course (the **Golf Course**);'as more particularly defined and described in that plan prepared by _____ dated _____ , recorded in the Recorder of Deeds Office in and for Sussex County, Delaware, and attached hereto as Exhibit 1; and

b) such additional property and buildings upon or relating to the Golf Course as set forth in Exhibit 2 (the **Additional Property**);'together with the Golf Course, the **Property**).'

2. PURCHASE AND SALE

Purchase Price. The purchase price for the Property shall be Two Million Seventy-Five Thousand Dollars (\$2,075,000.00) (the Purchase Price).'The Purchase Price shall be paid as follows:

a) At Closing, the Buyer shall pay, by cashier's check or certified check, the sum of \$691,666.00, less any amount held on deposit with the Seller

b) On the first anniversary of the Closing Date, the Buyer shall pay the sum of \$691,666.00, plus four and one half percent (4 ½ %) interest on the outstanding balance

c) On the second anniversary of the Closing Date, the Buyer shall pay the remaining amount outstanding, the sum of \$ 691,667.00, plus four and one half percent (4 ½ %) interest on that outstanding balance.

Upon execution of this Land Sale Agreement, Buyer shall deposit with Seller the amount of \$1.00 (the Deposit)'to be held in escrow pending Settlement. The Deposit shall be applied to the Purchase Price at Closing or shall otherwise be paid over to the appropriate party as called for by this Agreement or upon agreement of the parties.

To secure the payment of the Purchase Price for the Property, the Purchaser shall execute the note and mortgage, attached hereto as Exhibits A and B.

3. **CONTINGENCIES**

None.

4. **BUYER S'RIGHT OF ENTRY AND INSPECTION**

After written notice to Seller, the Buyer, its agents, employees, contractors and engineers, shall have the right from time to time to enter upon the Property at their risk for the purpose of inspecting the same and conducting surveys, engineering studies, boring, soil tests, percolation tests, environmental studies, investigations, drilling of water wells, feasibility studies and the like. In the event that closing under this Agreement does not occur for any reason, the Buyer shall restore the Property as nearly as possible to its prior condition. The Buyer agrees to hold harmless and indemnify Seller from all claims arising by reason of such entries. Furthermore, Buyer shall keep the Property free and clear of any and all mechanic s'liens or other third party liens or claims resulting from Buyer s'activities on the Property.

5. **CLOSING**

Closing Date and Location. Absent a written extension signed by Seller, Closing on the Property shall occur at the Salt Pond Community Center, Bethany Beach, Delaware, or such other place as the parties shall designate. Such Closing shall take place at a mutually agreeable time, but in no event shall such Closing take place less than 30 days following the execution of this Asset Sale Agreement and no more than 60 days following such execution, unless an earlier or later date is agreed to by the parties in writing.

a) Obligations of Seller at the Closing. At the Closing, the Seller shall deliver to Buyer:

i. title to the Property, as set forth more fully in Paragraph 8;

ii. copies of the resolutions of the Seller s'board of directors and members, authorizing the execution, delivery and performance of this Land Sale Agreement and any other agreement to be entered into by the Seller in connection herewith (including the General Agreement and ancillary agreements) and the transactions contemplated hereby; and

iii. such other certificates of officers, instruments of conveyance, and other documents as reasonably may be requested by Buyer prior to the Closing to consummate this Land Sale Agreement and the transactions contemplated hereby.

b) Obligations of Buyer at the Closing. At the Closing, the Buyer shall execute, or cause to be executed, and shall deliver to the Seller:

i. the first installment of the Purchase Price, by certified check, wire transfer or as otherwise directed by Seller;

ii. such certificates of officers and other documents as reasonably may be requested by the Seller prior to the Closing to consummate this Agreement and the transactions contemplated hereby;

iii. the note and mortgage securing the Purchase Price.

6. **POSSESSION AND INSPECTION**

Buyer may make an inspection of the Property within a period of forty-eight (48) hours prior to settlement, and shall also have the right to enter the Property at any reasonable time for the purpose of conducting inspections, surveys and any other tests in connection with the contingencies described above.

7. **TRANSFER TAXES; PRO-RATED CHARGES**

Applicable transfer taxes shall be paid one-half by Buyer and one-half by Seller. Taxes, water, sewer and any other lienable charges imposed by the State of Delaware, any political subdivision thereof, any school district or any neighborhood association expenses shall be apportioned *pro rata* at the time of settlement. Any and all rollback or farmland assessment taxes shall be the responsibility of Seller, and this obligation shall survive closing.

8. **TITLE**

Title to the Property at Settlement shall be good and marketable, fee simple absolute, free and clear of all encroachments, boundary disputes, covenants, restrictions, easements, zoning violations, rights-of-way, mortgages, security interests, liens, encumbrances and title objections of every type and nature, excepting only liens for real estate taxes not yet due or payable, customary road easements and rights-of-way and rights of utility companies and government agencies required to provide service to the Property, and such other easements and rights as may expressly be permitted by Buyer. At Closing, such title shall be insurable by any title insurance company selected by Buyer, at such company's regular rates, pursuant to standard ALTA owner's and lender's forms of policies, free of all exceptions, including, without limitation, exceptions for filed and unfilled mechanics', materialmen's, or municipal liens, subject only to the exceptions described above. No later than fifteen (15) calendar days prior to Settlement, Buyer shall cause its attorney to examine the title to the Property and advise Seller in writing of any objections to such title (which communication shall also include any permitted encumbrance), and Seller shall have a period of seven (7) days from the date of its receipt of said objections within which to remedy such objections to the reasonable satisfaction of Buyer and its counsel. In the event said objections are not cured or remedied within the seven (7) day period, Buyer, at its election, shall have the right to either: (a) accept such title subject to the objections, (b) terminate this Agreement and receive the full return of the Deposit, or (c) cure such objections as judgments, mortgages or liens which may be cured by payment of a sum certain, at its reasonable expense including reasonable attorney fees and shall be entitled to deduct the cost to cure such title defect from the Purchase Price. In the event no such objections are made, the Buyer shall have no right to raise objections to title which arose prior to the date of its examination of title. However, if any lien, encumbrance or other matter affecting title to the Properties shall arise after Buyer's examination of title, Buyer shall have the same rights and elections with respect to such subsequent liens, encumbrances or other matters affecting title to the Properties that it had with respect to objections arising with respect to its initial examination of title. Seller agrees not to encumber title to the Property after the date of this Agreement.

Notwithstanding the foregoing, Seller may, at Settlement, use the Purchase Price in fixed and determined amounts to discharge any judgment, mortgage or other lien against the Property.

9. **RISK OF LOSS**

Any loss or damage to the Property by fire, windstorm or other casualty prior to settlement shall be borne by Seller. Seller shall maintain any existing casualty insurance through the date of settlement.

10. **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby warrants and represents to Buyer, upon which warranties and representations Buyer has relied in the execution of the Agreement, that:

a) Authority to Sell. Seller has the full right and lawful authority to execute this Agreement and sell the Property, in the manner and upon the conditions and provisions herein contained;

b) Compliance with Environmental Regulations. To the best of Seller's knowledge, except as expressly set forth herein:

i. There are no pending or threatened suits or investigations or orders by governmental authorities relating to environmental matters with respect to the Property; and

ii. The Property will be at the date acquired by Buyer, in compliance with all applicable federal, state and local laws, rules, regulations and orders relating to environmental matters, and any easement, deed restriction, license, agreement or document that, by operation of law or by Court Order, describes or limits the use, preservation and conservation of the ponds and wetlands in and around the Salt Pond community.

iii. The Property is free of contamination from any hazardous waste, hazardous substance, and any oil, petroleum products and their by-products as such terms are defined by any federal, state, county or local laws, rules, ordinances or requirements.

iv. There are no un-permitted underground storage tanks on the Property.

Legal Proceedings. Seller has no knowledge of any actions, suits or proceedings which have been instituted or threatened against or affecting the Property, at law or in equity, or before any federal, state or municipal governmental commission, board, bureau agency or instrumentality. Seller will give Buyer prompt written notice of any such action, suit or proceeding arising subsequent to the date hereof and prior to Settlement to the extent Seller acquires knowledge thereof.

c) Violations. Seller has received no notice from any governmental authority of any violation of law or governmental regulation affecting the Property which has not been corrected. Seller will give Buyer prompt written notice of any such violation arising subsequent to the date thereof together with a copy of any notice thereof to the extent Seller acquires knowledge thereof.

d) Condemnation. Seller has no actual knowledge of any condemnation or eminent domain proceedings pending or contemplated against the Property or any part thereof. Seller will give Buyer prompt written notice of any such proceedings pending or contemplated subsequent to the date hereof and prior to Closing to the extent Seller acquires knowledge thereof.

e) No Breach. The execution and delivery of this Agreement by Seller, the execution and delivery of any other document required to be delivered hereunder by Seller, and the consummation of transactions contemplated hereby, will not constitute or result in the breach of or default under any other oral or written agreement to which Seller or its principals are parties or which otherwise affects the Property or would constitute or result in a violation of any order, decree, injunction or act with respect to which Seller and or the Property is bound.

f) No Other Contracts. Other than the General Agreement and ancillary agreements thereto, Seller has not entered into any other contracts, agreements, options, understandings, verbal or written, for the sale or transfer of all or any portion of the Property. Between the date of this Land Sale Agreement and the Closing, Seller agrees to not alienate, encumber or transfer all or any part of the Property and any easements or other agreements thereupon, excepting those contained in the General Agreement and ancillary agreements thereto.

g) No Commitments. Seller has not made and has no actual knowledge of any commitments to any governmental authority, school board, or to any other organization, group, agency or individual relating to the Property which would impose any obligations upon Buyer to make any contributions of money or land or to install or maintain any improvements.

h) Fill. To the best of Seller's knowledge, no landfill has occurred on the Property and no debris or waste has been buried or placed upon the Property.

11. **TIME OF ESSENCE; DEFAULT; OPPORTUNITY TO CURE**

a) Time of Essence. Time is of the essence for this Agreement. If Buyer fails to perform any of the terms or conditions of this Agreement, then Seller may, in its sole discretion, declare this Agreement null and void and to retain any Deposit money as liquidated damages for such default by Buyer as well as pursue any other applicable legal or equitable remedies.

b) Notice and Opportunity to Cure. Notwithstanding that time is of the essence and any other provision to the contrary, no default by either party hereto shall result in the termination or limitation of any rights of such party unless the other party shall have notified the defaulting party in writing of said default, and the defaulting party shall have failed to cure such default within five (5) days after the receipt of such written notice.

12. **INDEMNIFICATION AND SURVIVAL**

a) Survival of Representations and Warranties. All representations and warranties made in this Agreement shall survive the Closing of this Agreement, except that any party to whom a representation or warranty has been made in this Agreement shall be deemed to

have waived any misrepresentation or breach of representation or warranty of which such party had knowledge prior to Closing. Any party learning of a misrepresentation or breach of representation or warranty under this Agreement shall immediately give written notice thereof to all other parties to this Agreement. The representations and warranties in this Agreement shall terminate one (1) year from the Closing Date, and such representations or warranties shall thereafter be without force or effect, except any claim with respect to which notice has been given to the party to be charged prior to such expiration date.

b) Seller s Indemnification. The Seller hereby agrees to indemnify and hold Buyer, its successors and assigns harmless from and against:

i. Any and all damages, losses, claims, liabilities, deficiencies and obligations of every kind and description, contingent or otherwise, arising out of or related to the operation of the Seller s'business prior to the close of business on the day before the Closing Date, except for damages, losses, claims, liabilities, deficiencies and obligations of the Seller expressly assumed by the Buyer under this Agreement or paid by insurance maintained by the Seller or the Buyer;

ii. Any liability or obligation of the Seller which has not been expressly assumed by Buyer;

iii. Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or non-fulfillment of any agreement on the part of the Seller under this Agreement, and

iv. Any and all actions, suits, claims, proceedings, investigation, audits, demands, assessments, fines, judgments, costs and other expenses (including, without limitation, reasonable audit and attorneys fees) incident to any of the foregoing.

v. Seller s'indemnity obligations under Section 12(b) shall be subject to the following:

1. If any claim is asserted against Buyer that would give rise to a claim by the Buyer against the Seller for indemnification under the provisions of this Section, then the Buyer shall promptly give written notice to the Seller s'Shareholder concerning such claim and the Seller shall, at no expense to the Buyer, defend the claim.

2. The Seller shall not be required to indemnify the Buyer for an amount that exceeds the total purchase price paid by the Buyer under this Agreement.

c) Buyer s'Indemnification. Buyer agrees to defend, indemnify, and hold harmless the Seller and the Seller s'Shareholder from and against:

i. Any and all claims, liabilities, and obligations of every kind and description arising out of or related to the operation of the business following Closing or arising out of the Buyer s'failure to perform obligations of Seller assumed by Buyer pursuant to this Agreement;

ii. After the Closing, any liability or obligation of the Seller which is an Assumed Liability;

iii. Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or non-fulfillment of any agreement on the part of the Buyer under this Agreement; and

iv. Any and all actions, suits, claims, proceedings, investigation, audits, demands, assessments, fines, judgments, costs and other expenses (including, without limitation, reasonable audit and attorneys fees) incident to any of the foregoing.

13. **NOTICES; DELIVERY OF DOCUMENTS**

Whenever a notice is to be given or a document is to be delivered to Buyer hereunder, it shall be addressed or delivered to:

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

with a copies to:

Richard A. Forsten, Esquire
Buchanan Ingersoll, LLP
1000 West Street, Suite 1410
Wilmington, DE 19801-1397

Robert J. Valihura, Jr., Esquire
Robert J. Valihura, Jr., P.A.
11 Laurel Ridge Lane
Wilmington, DE 19807

and whenever a notice is to be given or a document is to be delivered to Seller hereunder, it shall be addressed or delivered to:

Salt Pond Golf Associates, L.L.C.
400 Bethany Loop
Bethany Beach, DE 19930

Salt Pond Associates, L.L.C.
400 Bethany Loop
Bethany Beach, DE 19930

Salt Pond Associates
400 Bethany Loop
Bethany Beach, DE 19930

with a copy to:

F. Michael Parkowski, Esquire
Parkowski, Guerke & Swayze
116 West Water Street
Dover, DE 19903

All notices shall be in writing, shall be delivered or mailed by first class mail, postage prepaid, or Federal Express and shall be effective when delivered or when mailed.

14. **SUCCESSION**

This Agreement shall benefit and bind the parties hereto, their respective heirs, personal representatives, successors and assigns.

15. **MISCELLANEOUS**

a) **Captions.** The paragraph captions of this Agreement are inserted for purposes of convenient reference only and are not intended to limit or enlarge the substance of this Agreement.

b) **Assignments.** Neither party may assign this Agreement of Sale without the prior written consent of the other, which consent may not be reasonably withheld.

c) **Full and Complete Understanding.** This Agreement sets forth the full and complete understanding of the parties, and neither party shall be bound by any covenants, agreements, statements, representations or warranties, oral or written, not set forth in this Agreement. This Agreement may not be modified or amended unless such modification or amendment is in writing and signed by the parties hereto. No waiver of any of the provisions of this Agreement shall be valid unless the same is in writing and is signed by the party against whom enforcement is sought.

d) **Counterparts.** This Agreement may be executed in counterparts. However, this Agreement shall not be binding or otherwise be of any force or effect with respect to Seller until signed by all parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

Attest: _____

SELLER:
SALT POND ASSOCIATES

By: _____
Name/Title: _____

By: _____
Name/Title: _____

Attest: _____

SELLER:
SALT POND ASSOCIATES, LLC

By: _____
Name/Title: _____

By: _____
Name/Title: _____

Attest: _____

SELLER:
SALT POND GOLF ASSOCIATES, LLC

By: _____
Name/Title: _____

By: _____
Name/Title: _____

Attest: _____

BUYER:
THE SALT POND HOMEOWNERS ASSOC.,
INC.

By: _____
Name/Title: _____

By: _____
Name/Title: _____

EXHIBIT 1
PROPERTY DESCRIPTION

EXHIBIT 2
ADDITIONAL PROPERTY

NONE

STATE OF DELAWARE :
:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this ____ day of _____, 2007, personally appeared before me, the subscriber a Notary Public for the State of Delaware and County aforesaid, _____, _____ Member of SALT POND GOLF ASSOCIATES, L.L.C., a limited liability corporation of the State of Delaware, party of this indenture to be their act and deed, and the act and deed of the said limited liability corporation, that the signatures are their own proper handwriting; that the seal affixed is the common and corporate seal of the said limited liability corporation; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by the said limited liability corporation.

GIVEN under my hand and seal of office, the day and year aforesaid.

Notary Public
Notary Name: _____
My Commission Expires: _____

STATE OF DELAWARE :
:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this ____ day of _____, 2007, personally appeared before me, the subscriber a Notary Public for the State of Delaware and County aforesaid, _____, _____, Partner of SALT POND ASSOCIATES, a general partnership of the State of Delaware, party of this indenture to be their act and deed, and the act and deed of the said general partnership, that the signatures are their own proper handwriting; that the seal affixed is the common and corporate seal of the said general partnership; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by the said general partnership.

GIVEN under my hand and seal of office, the day and year aforesaid.

Notary Public
Notary Name: _____
My Commission Expires: _____

STATE OF DELAWARE :
:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this ____ day of _____, 2007, personally appeared before me, the subscriber a Notary Public for the State of Delaware and County aforesaid, _____, _____, Partner of SALT POND ASSOCIATES, LLC a limited liability corporation of the State of Delaware, party of this indenture to be their act and deed, and the act and deed of the said general partnership, that the signatures are their own proper handwriting; that the seal affixed is the common and corporate seal of the said general partnership; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by the said general partnership.

GIVEN under my hand and seal of office, the day and year aforesaid.

Notary Public
Notary Name: _____
My Commission Expires: _____

STATE OF DELAWARE :
:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this ____ day of _____, 2007, personally appeared before me, the subscriber a Notary Public for the State of Delaware and County aforesaid, _____, _____ President of THE SALT POND HOMEOWNERS ASSOCIATION, INC., a corporation of the State of Delaware, party of this indenture to be their act and deed, and the act and deed of the said corporation, that the signatures are their own proper handwriting; that the seal affixed is the common and corporate seal of the said corporation; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by the said corporation.

GIVEN under my hand and seal of office, the day and year aforesaid.

Notary Public
Notary Name: _____
My Commission Expires: _____

EXHIBIT A

NOTE

EXHIBIT B
MORTGAGE