

LEASE

AGREEMENT made this ____ day of _____, 2007 between The Salt Pond Homeowners Association, Inc., hereinafter called OWNER, and Salt Pond Golf Associates, L.L.C. hereinafter called TENANT.

PREMISES

WITNESSETH, that Owner has leased to Tenant and Tenant has leased from Owner, _____ Rentable Square Feet of commercial space located in the Salt Pond Community Center (the "Center") and more particularly described in EXHIBIT A attached hereto and made a part hereof (herein designated the Leased Premises), upon the following terms and conditions:

RENT

1. The term of this Lease is for ninety nine (99) years, and shall commence on _____, 2006 (the "Commencement Date") and expire _____, 2105. The Lease term shall be renewable under the same terms herein at the option of Tenant for another term of ninety nine (99) years; provided, however, that Tenant shall provide written notice of its intention to renew prior to the expiration of the term of this Lease. The rent of \$1 per year plus any additional rent due and owing as set forth herein shall be payable at the offices of the Owner's Property Manager on or before the 15th of January of each calendar year.

USE OF PREMISES

2. Tenant may use and occupy said premises for the following purposes: Golf Pro Shop, related golf sales activities and golf cart and storage facility and for no other purposes, except with the prior written consent of Owner.

Tenant shall comply with all applicable town, county and state laws, ordinances, and regulations, with respect to use and occupancy of said premises. Tenant shall not permit the conduct of any business, trade or occupation on said premises, or anything to be done thereon which may void or make voidable any policy of insurance held by Owner thereon.

POSSESSION

3. Tenant agrees that Owner will deliver possession of the premises at the commencement of the lease term.

Tenant agrees that, as a condition of this Lease agreement, it will lease the Premises in its current "as-is" condition and that Owner will have no obligation to make improvements to the Premises.

SERVICES

4. Tenant agrees that it shall, in addition to the further provisions hereof, be responsible for the services and items below for the Leased Premises:

- (a) Heat as required
- (b) Air conditioning as required
- (c) Electricity for lighting, for ordinary office or retail machines and for all other required purposes
- (d) Water and sewer
- (e) Sidewalks: clearing of ice and snow and repair and replacement
- (f) Replacement of broken window glass
- (g) Janitor and cleaning services
- (h) Repairs and maintenance, interior
- (i) Repairs and maintenance, exterior
- (j) Window washing
- (k) Structural repairs
- (l) Landscaping upkeep, maintenance and improvements

In addition, Tenant acknowledges that during the course of this Lease, it shall be responsible for paying for all utilities applicable to the Leased Premises (including but not limited to electricity, gas, water, sewer, cable and telephone), including those that are individually metered to the Leased Premises or billed by the utility company directly to Tenant, regardless of whether such utilities are registered in the name of the Tenant or otherwise. Owner shall not be liable for any failure to furnish the services and items assigned above unless Owner fails to take necessary action to allow the services and items to be provided by others or prevents others from providing the services and items to Tenant. Tenant shall make all reasonable efforts to ensure that the fees and costs for such utilities are charged to Tenant and not to Owner, and if such fees and costs are charged to Owner, without Owner's written consent, Owner has the right, upon ten (10) day written notice to Tenant, to order such utility services be disconnected or terminated. If any fees or costs for utilities for the Leased Premises are charged to Owner, then Tenant shall be liable for said amounts (utilities charge)'and such amounts required to be paid by Owner shall be treated as additional rent. Owner shall give prompt notice of the existence and amount of the utilities charge to Tenant. Tenant covenants and agrees to pay to Owner on the 15th of January of each year, as additional rent, the utilities charge as herein before defined.

Tenant further acknowledges that Tenant shares use of the entrance to the Leased Premises with Owner's entrance to the Center's parking lot, which entrance is defined as the area from Bethany

Loop to the island in front of the Center (the Entrance);” and Tenant shall pay to Owner, as additional rent hereunder, Tenant’s shared costs as set forth in the Shared Use Agreement –Golf Course, attached hereto as Exhibit B: ”

TAXES

5. Tenant shall pay all town, county and state taxes and all other government imposed fees and costs on the Leased Premises, and shall make all reasonable efforts to ensure that such taxes and fees are charged to Tenant and not to Owner. If such taxes and fees on the Leased Premises are charged to Owner, however, then Tenant shall be liable for said amounts (tax charge)”and such amount required to be paid by Owner shall be treated as additional rent. Owner shall give prompt notice of the existence and amount of the tax charge to Tenant. Tenant covenants and agrees to pay to Owner on the 15th of January of each year, as additional rent, the tax charge as herein before defined.

SIGNS

6. Tenant may maintain the current signage on the Leased Premises, and any material change in the character, type, size or the placement of the sign on the Leased Premises requires the Owner’s prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, such sign shall comply with all governmental laws and regulations advertising its business.

SUBLETTING

7. Tenant shall be entitled to sublet, assign, transfer, or in any manner dispose of the Leased Premises or any part thereof, for all or any part of the term hereby granted, without the prior written consent of the Owner.

SURRENDER

8. Tenant shall surrender the Leased Premises to Owner at the termination of this Lease in the same condition as they are at the beginning of the term, reasonable wear and tear excepted.

ALTERATIONS

9. Tenant shall not make any alterations, additions or improvements to the exterior of the Leased Premises without the prior written consent of Owner, including any structural or roofing change, painting change, landscaping change or any changes to the sidewalk. Tenant shall not make any material alterations, additions or improvements to the interior of the Leased Premises without the prior written consent of Owner, including any structural change or any change or modifications to the heating, electrical or plumbing services. Owner shall not unreasonably withhold consent; provided, however, that any exterior alterations, additions or improvements shall be consistent with the overall style, appearance and standard of the Center and surrounding landscaping. Any

approved alterations, additions or improvements shall be done in accordance with the applicable laws and ordinances of any public authority having jurisdiction over the building and zoning rules and regulations of any such authority. Tenant hereby expressly assumes full responsibility for all damages and for injuries which may result to any person or property by reason of, or resulting from said alterations, additions or improvements and shall hold Owner harmless with respect thereto.

Owner shall not be responsible for any of the costs of any such alternations, additions or improvements. In making any approved alterations, additions or improvements, Tenant shall promptly pay all contractors, material men and laborers so as to remove the possibility of a lien attaching to the buildings of which the Leased Premises are a part, or attaching to any portion of the real property on which said Center is located, and should any such lien be made or filed, Tenant shall post a bond in favor of Owner or discharge the same within ten (10) days after written request by Owner.

LIABILITY

10. Owner in no event shall be liable for any damage or injury to Tenant or any agent or employee of Tenant, or to any person or persons coming upon the Leased Premises in connection with the occupancy by Tenant or otherwise, or to any goods, chattels, or other property of Tenant, or any other person or persons which may during the term of this Lease be located in or on the Leased Premises, unless such damage or injury results from the gross negligence or intentional tortuous conduct of Owner. Owner shall not be liable to Tenant for any damages caused by the act or neglect of third parties.

**OWNER S'
INSPECTION**

11. Owner and persons designated by it have the right to enter the Leased Premises at reasonable hours to examine the same and to do such work as Owner shall deem necessary for the safety or preservation of the Leased Premises and/or the Center; provided, however, that the same shall not interfere unreasonably with the conduct of Tenant s business.

FIRE

12. In the event the Leased Premises and the Center are totally destroyed by fire, accident or other casualty or are damaged to such an extent that Owner, at its sole option, determines to raze or remodel the Center, and building or buildings located thereon, then the Owner shall, following receipt of funds from all available insurance proceeds, reconstruct the Leased Premises in a manner acceptable to both the Owner and the Tenant, and shall, in all events, provide no less space than the amount available at the

commencement of the Lease and return such Leased Premises in at least as good condition as they were at the time of the fire, accident or other casualty. Owner and Tenant hereby agree to cooperate in planning and executing the reconstruction of the Leased Premises. If, however, the Leased Premises and/or the Center are slightly damaged by fire, accident or other casualty and are not thereby rendered permanently unfit for occupancy, then the Leased Premises shall be repaired by Owner with reasonable promptness following receipt of funds from all available insurance proceeds, and shall, in all events, return such Leased Premises in at least as good condition as they were at the time of the fire, accident or other casualty.

Other than the obligation to reconstruct or repair set forth herein, Owner shall not be responsible to Tenant or any other third party for any other loss or damages, financial or otherwise, including any consequential damages relating to Tenant's business, its equipment and inventory or for any temporary replacement premises needed as a result of any fire, accident, casualty or Act of God (*i.e.*, windstorm, nor easter or hurricane) to the Leased Premises. Tenant shall not be required to pay the rent from the time of any such fire, accident, casualty or Act of God, until the reconstruction or repair is completed and the Leased Premises are available for occupancy, and Owner, its employees, agents and contractors shall have the right to enter on to the Leased Premises so that Owner can reconstruct or repair such Premises and/or the Center.

INSURANCE AND INDEMNITY

13. Tenant shall, during the entire term hereof, keep in full force and effect a policy or policies of public liability and property damage insurance with respect to the use and occupancy by the Tenant, its agents, servants, licensees, invitees and all other persons, arising from or out of or in connection with the use and occupancy of the leased Premises as well as the use by the Tenant, its agents, servants, licensees, invitees and all other persons coming upon and using stairways, halls, toilet facilities and parking areas in connection with the use and occupancy of the Leased Premises. The limits under said policy of public liability and property damage insurance shall be not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) aggregate with no more than a One Thousand Dollar (\$1,000.00) deductible. The policies shall to the extent possible name Owner, any person, firms or corporations designated by Owner and Tenant as additional named insureds and shall contain a provision stating that the insurer will not cancel or change the insurance without first giving the Owner Thirty (30)

days prior written notice. Such insurance coverage shall be issued by an insurance company or companies reasonably approved by Owner and a copy of the policy or a certificate of insurance shall be delivered to Owner upon commencement of the Lease term and thereafter on an annual basis.

Tenant shall indemnify Owner, its agents, employees and contractors and save same harmless from and against any and all claims, actions, damages, liability or expense (including reasonable attorney's fees) of any type whatsoever in connection with the loss of life, liability, bodily injury, personal injury, advertising liability and/or damage to property arising from or out of any occurrence or act in, upon or at the Leased Premises unless caused in whole or in part by Owner.

**ADDITIONAL
PREMIUMS**

14. Tenant shall pay 17% of the annual premium for Owner's insurance costs for the entire Center, which includes the Leased Premises. Owner shall provide prompt notice and documentation of the existence and amount of such insurance cost to Tenant. Tenant covenants and agrees to pay to Owner within thirty days of the date of that notice, as additional rent, 17% of the Owner's insurance costs for the Center. In the event Tenant's occupancy causes any increase of premium for the fire and/or casualty rates on the Leased Premises or the Center of which it is a part above the rate for the least hazardous type of occupancy legally permitted in the Leased Premises, the Tenant shall pay (as additional rent), the additional premium on the fire and/or casualty insurance policies by reason thereof. Owner shall give prompt notice of the existence and amount of such additional premium, and such additional premium shall be payable as additional rent. Tenant covenants and agrees to pay such additional premium to Owner within thirty days of the date of that notice.

**USE AND
OCCUPANCY TAX**

15. Tenant shall be responsible for and pay as additional rent all taxes which may be assessed or imposed by any lawful authority in respect of the occupancy and use by the Tenant of the Leased Premises and whether such tax is imposed on the basis of lease value of the premises leased hereunder or imposed on the base rent.

**DEFAULT-
BANKRUPTCY**

16. In the event that during the term of this Lease (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in acuity, or before any administrative tribunal, which has prevented or might prevent

compliance by Tenant with the terms of this Lease) (a) Tenant shall default in the payment of any installment of rent or other sum herein specified to be paid by Tenant, and such default after written notice to Tenant shall not be cured within ten (10) days after such default; (b) Tenant shall default in the observance or performance of any of Tenant s' covenants, agreements or obligations hereunder, and such default shall not be cured within thirty (30) days after Owner shall have given to Tenant written notice specifying such default or defaults, or (c) without further possibility of appeal or review,

- (i) Tenant is adjudicated a bankrupt or insolvent, or
- (ii) A receiver is appointed for all or substantially all of Tenant s' business or assets on the ground of Tenant s' insolvency, or
- (iii) A trustee is appointed for Tenant after a petition has been filed for Tenant s' reorganization under the Bankruptcy Act of the United States, known as the Chandler Act, or any future law of the United States having the same general purpose, or
- (iv) Tenant shall make an assignment for the benefit of its creditors,

then in any such event Owner shall have the right at its election, at any time thereafter while such default or defaults continue, to reenter and take complete and peaceable possession of the Leased Premises and any and all improvements then forming part of the Leased Premises and to declare the term of this Lease ended, whereupon this Lease and all the right, title and interest of Tenant hereunder shall terminate and be of no further force or effect. In the event of such declaration, Owner shall have the right to sue for and recover possession of the Leased Premises and all rents and other sums accrued up to the time of such termination as well as any damages arising out of any breach on the part of Tenant and such other remedies, including a levy in distress for rent, as may be available at law or equity. Owner shall also have the right without reentering the Leased Premises, seeking possession or terminating this Lease, to sue for and recover all rents and other sums, including damages, at any time and from time to time accruing hereunder and permitted by Delaware Law. In any legal proceeding brought to enforce the terms of this Lease, the parties agree that Owner shall be entitled to recover its court costs and

reasonable attorney s' fees as part of any judgment rendered in favor of Owner.

WAIVER

17. The failure of Owner to insist upon a strict performance of any of the terms, conditions and covenants herein, shall not be deemed a waiver of any subsequent breach of default in the terms, conditions and covenants herein contained.

EMINENT DOMAIN

18. If the whole of the Center of which the Leased Premises are a part shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date of title vesting in such proceeding and all rentals shall be paid up to that date. Tenant shall have a claim against Owner or the condemning authority in respect to any compensation for such taking as it relates to the Leased Premises and Tenant s'business interests as awarded the Owner, whether through a negotiated settlement or through formal condemnation proceedings. Tenant shall be entitled to independently pursue a claim against the condemning authority, including negotiation of a settlement. If any part of the Center of which the Leased Premises are a part shall be acquired or condemned as aforesaid, and in the event that such partial taking or condemnation shall, in the sole opinion of Owner, render the portion of the Center leased hereunder by Tenant, unsuitable for the business of the Tenant, then the term of this Lease shall cease and terminate as of the date of title vesting in such proceeding. In the event a partial taking or condemnation, which is not extensive enough to render that portion of the building leased hereunder to Tenant unsuitable for the business of the Tenant, the Owner shall promptly restore said portion of said building leased hereunder to its condition as nearly as possible as existed at the time of such condemnation less the portion lost in the taking and this Lease shall continue in full force and effect.

LATE CHARGES

19. In the event that any rental payment or additional rent due hereunder shall become overdue for a period in excess of ten (10) days, a late charge of ten percent (10%) for each dollar or part thereof so overdue may be charged by the Owner hereof for the purpose of defraying the expenses incident to handling such delinquent payments. In the event Tenant pays any sum due and owing hereunder by a check that is not honored by the bank or financial institution upon which it is drawn (a Returned Check); a Returned Check charge of fifty dollars (\$50.00) may be charged by Owner for the purpose of defraying the expenses incident to handling such Returned Checks. In the event two (2) or more

Returned Checks are received by Owner from Tenant, Owner may require to pay all future sums due hereunder by certified check.

SUBORDINATION

20. Tenant hereby subordinates its right hereunder to the lien of any mortgage or mortgages now or hereafter in force against the Center of which the Leased Premises are a part or against any land upon which such Center is erected and on advances made or hereafter to be made upon the security thereof. Tenant shall at Owner s' request execute a written subordination agreement consistent with this paragraph.

ESTOPPEL CERTIFICATE

21. Tenant shall at any time and from time to time, upon not less than ten (10) days prior written notice from Owner, execute, acknowledge, and deliver to Owner a statement in writing certifying certain facts including, without limitation, that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental, the security deposit, if any, and other charges, if any, are paid in advance, and acknowledging that there are not, to Tenant s' knowledge, any uncured defaults on the part of Owner hereunder, and no events or condition then in existence which, with the passage of time or notice or both, would constitute a default on the part of Owner hereunder, or specifying such defaults, events, or conditions, if any are claimed. It is expressly understood and agreed that any prospective purchaser or encumbrancer of all or any portion of the Center or of the real property of which it is a part shall be entitled to rely upon any such statement. Tenant s' failure to deliver such statement within such time shall, at the option of Owner, constitute a breach or default under this Lease, without the requirement of written notice. If such option is not so exercised by Owner, tenant s' failure shall be conclusive upon Tenant that (i) this Lease is in full force and effect without modification except as may be represented by Owner; (ii) that there are no uncured defaults in Owner s' performance; and (iii) that not more than two (2) months rental has been paid in advance. If Tenant fails to deliver the certificate within ten (10) days, Tenant irrevocably constitutes and appoints Owner as its special attorney-if-fact to execute and deliver the certificate to a third party.

NOTICES

22. Any notice provided for herein shall be given by registered or certified mail, postage prepaid, addressed if to Owner, at the following address: Legum & Norman, C4 Edgewater-Sea Colony East, Bethany Beach, DE 19930, Attention: Donna

Hemphill, and if to Tenant, at the following address: Salt Pond Golf Associates, L.L.C., 400 Bethany Loop, Bethany Beach, DE 19930

**TERMINATION AND
HOLDING OVER**

23. It is agreed that this Lease shall terminate without notice by either party, upon the expiration of the period (s) specified in Paragraph 1 hereof.

**RULES AND
REGULATIONS**

24. Tenant will observe and comply with and will cause its subtenants and concessionaires, and its and their employees and agents, to observe and comply with reasonable rules and regulations which do not unduly burden Tenant s' business operations as such rules and regulations from time to time are promulgated by Owner for the benefit and prosperity of the Center and the Leased Premises.

NO OPTION

25. The submission of this Lease for examination does not constitute a reservation of or option for the Leased Premises and this Lease becomes effective as a lease only upon execution thereof by Owner and Tenant.

**ALTERATIONS/
ADDITIONS**

26. Owner hereby reserves the right at any time to make alterations or additions to, and build additional stories on, the Center, including that portion of building in which the Leased Premises are contained, and to build adjoining the same. Owner also reserves the right to construct other buildings or improvements in the Center from time to time and to make alterations thereof or additions thereto and to build additional stories on any such building or buildings and to build adjoining same.

**GOVERNING LAW/
ARBITRATION**

27. The parties agree that the laws of the State of Delaware will govern the terms of this Lease Agreement and also agree that in the event that a dispute arises between or among the parties regarding this Lease Agreement, the sole legal recourse of any party hereto shall be to submit such dispute to the appropriate State court of the State of Delaware.

ENTIRE AGREEMENT

28. This Agreement, the exhibits attached hereto, and the documents referred to herein and to be delivered pursuant hereto constitute the entire Agreement between the parties pertaining to the subject matter hereof and supersede all prior and

contemporaneous Agreements, understandings, negotiations, and discussions of the parties, whether oral or written, and there are no warranties, representations or other Agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

This Agreement shall bind and benefit all the parties hereto and their respective Executors, Administrators, Heirs, Successors and Assigns and is governed by the laws of the State of Delaware.

OWNER:

Witness

BY: _____(SEAL)

TENANT:

Witness

BY: _____(SEAL)

EXHIBIT A

DESCRIPTION OF LEASED PREMISES

The following is the scope of the Leased Premises:

The Golf Shop.

The sidewalk adjacent to the Golf Pro Shop.

The landscaped area adjacent to the sidewalk and the Golf Pro Shop.

The southwest portion of the basement that houses the golf carts and related golf maintenance equipment.

The portion of the land underlying all of the above

The Leased Premises are further delineated on the plan of Salt Pond Community Center which is attached hereto and made part hereof.