

SALE OF ASSETS AGREEMENT

This Sale of Assets Agreement ("Asset Sale Agreement") is entered into this day by and among Salt Pond Golf Associates, L.L.C., a Delaware limited liability corporation ("Seller"), and The Salt Pond Home Owners Association, Inc., a Delaware corporation ("Purchaser").

WHEREAS, the Seller is engaged in the business of running the Salt Pond Golf Course and is the owner of assets including, but not limited to equipment, inventories, intellectual property, contract rights, membership interests, and miscellaneous assets used in connection with the operation of its golf course business; and

WHEREAS, the Purchaser desires to purchase, and the Seller desires to sell, all the assets used or useful, or intended to be used, in the operation of the Seller's golf course business.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Assets Purchased. The Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Seller, on the terms and conditions set forth in this Asset Sale Agreement, the assets set forth on Schedule 1 hereto (collectively, the "Assets").

Section 2. Excluded Assets. Excluded from this sale and purchase are the Seller's Pro Shop inventory, accounts receivable, cash, notes receivable, the corporate seals, minute books, stock transfer books, general ledger and other accounting records (except as otherwise provided herein), other records related exclusively to the organization, existence or capitalization of the Seller, its affiliates, subsidiaries, and any other assets of the business not specified in Schedule 1 hereto, together with the Seller's rights under any contract between the Seller and any third-party and to which consent to assignment to the Purchaser is required, but has not been obtained on the Closing Date. The Seller shall make its general ledger and other accounting records available for inspection by the Purchaser from time to time upon reasonable request.

Section 3. Liabilities Assumed.

3.1 The Purchaser agrees to assume and pay, discharge or perform, as appropriate, only such liabilities as specifically itemized on Schedule 3 hereto ("Assumed Liabilities").

3.2 Notwithstanding Section 3.1, the Purchaser shall not assume, agree to pay, discharge or perform, or incur, as the case may be, any of the following liabilities:

3.2.1 liabilities (including principal and interest) arising out of loans and other indebtedness owing to any person or entity, excluding only the Assumed Liabilities;

3.2.2 liabilities of the Seller not arising in the ordinary course of its business incurred or accrued prior to the Closing, unless an Assumed Liability; and

3.2.3 any liability or obligation owing to current or former employees of the Seller and/or arising out of or in connection with an employee benefit plan, excluding only the Employee Contracts entered into in connection with the Agreement.

3.3 The obligations of the Purchaser under this Section are subject to whatever rights the Purchaser may have under this Agreement or otherwise for breach by the Seller of any representation, warranty, covenant or agreement contained in this Agreement, including but not limited to any right of indemnification provided by this Agreement.

Section 4. Purchase Price. The purchase price for the Assets shall be \$ 225,000.00.

4.1. The purchase price for the Assets shall be paid as follows:

4.1.1 At Closing, the Purchaser shall pay, by cashier's check or certified check, the sum of \$ 75,000.00, less any amount held on deposit with the Seller.

4.1.2 On the first anniversary of the Closing Date, the Purchaser shall pay the sum of \$ 75,000.00 plus four and one-half percent (4.5%) interest on the outstanding balance.

4.1.3 On the second anniversary of the Closing Date, the Purchaser shall pay the remaining amount outstanding, the sum of \$ 75,000.00, plus four and one-half percent (4.5%) interest on that outstanding balance.

4.2. Upon execution of this Asset 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.

4.3 Purchaser shall be permitted to prepay any of the amounts due at any time without penalty.

4.4 To secure the payment of the purchase price for the Assets, the Purchaser shall execute the note and mortgage, attached hereto as Exhibits A and B.

4.5 The purchase price of the Assets shall be adjusted at Closing by reducing the initial payment by the listed value or values of any of the described items on Schedule 1 which are missing at the time of Closing. For any item or items acquired but not listed on Schedule 1, Purchaser shall have the option of purchasing such item or items at Closing

by paying to Seller the Seller's document cost for the item, such payment to be paid in addition to the payment for the Assets at Closing.

Section 5. Contingency.

5.1 None.

Section 6. Adjustments. Except as set forth in Section 6.1 below, the operation of the Seller's business and related income and expenses up to the close of business on the day before the Closing Date shall be for the account of the Seller and thereafter for the account of the Purchaser.

6.1 The parties have agreed that golf memberships shall continue to be sold at costs no less than the prices and for durations no more than in effect at the time of the execution of this Agreement, and that income received from such golf memberships shall be pro rated over the duration of the time of the membership and at the time of the Closing Date such pro rated amount shall be distributed to the Purchaser at Closing.

6.2 The parties have further agreed that any and all deposits for events or activities received prior to the Closing Date for events or activities to take place following the Closing Date shall be distributed to the Purchaser at Closing.

6.3 The parties have further agreed that any and all income received from the sale or distribution of gift certificates, discounts or other coupons for golf course rounds, services or goods received prior to the Closing Date for redemption after the Closing Date shall be distributed to the Purchaser at Closing. The parties agree that outstanding gift certificates discounts or other coupons for golf course rounds and services at the time of the Closing Date shall not exceed a value of \$3,600.00.

Section 7. Use of Trade Name and Marks. The Seller agrees that after the Closing, it shall no longer utilize the trade name Salt Pond Golf Course and service mark of Salt Pond and the golf hole and marsh grass (collectively, the "Marks"), and at Closing shall execute the License Transfer Agreement attached as Exhibit E to the Agreement executed on January , 2007 by the parties hereto (the "Agreement").

Section 8. Other Agreements. At the time of execution of this Asset Sale Agreement, the parties shall execute the Land Sale Agreement. At Closing, the parties shall execute the following additional agreements: The Lease Termination Agreement and the Employment Agreements as set forth as Exhibits C and D to the Agreement.

Section 9. Closing.

9.1 Time and Place. The closing ("Closing") of the sale and purchase of the Assets shall take place at the Salt Pond Community Center, Bethany Beach, Delaware. 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.

9.2 Obligations of Seller at the Closing. At the Closing, the Seller shall deliver to the Purchaser the following:

9.2.1 one or more bills of sale from the Seller conveying all of the Assets to the Purchaser, in the form as set forth in Schedule 9.2.1;

9.2.2 a copy 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, and the transactions contemplated hereby; and

9.2.3 such other assignments, bills of sale, or instruments of conveyance, certificates of officers, and other documents as reasonably may be requested by the Purchaser prior to the Closing to consummate this Asset Sale Agreement and the transactions contemplated hereby.

9.3 Obligations of Purchaser at the Closing. At the Closing, the Purchaser shall execute, or cause to be executed, and shall deliver to the Seller the following:

9.3.1 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.

Section 10. Seller's Representations and Warranties. The Seller each represents and warrants to the Purchaser as follows:

10.1 Corporate Existence. The Seller is now, and on the Closing Date will be, a limited liability corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to own its properties and assets and carry on its business and is good standing in each jurisdiction in which such qualification is required.

10.2 Limited Liability Corporation Power and Authorization. The Seller has full corporate authority to execute and deliver this Agreement and any other agreement to be executed and delivered by the Seller in connection herewith, and to carry out the transactions

contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate and shareholder action. No other corporate proceedings by the Seller will be necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby. This Agreement constitutes a valid and binding Agreement of the Seller in accordance with its terms.

10.3 Conflict with Other Agreements, Consents and Approvals. With respect to (i) the Certificate of Formation and the L.L.C. Operating Agreement of the Seller, (ii) any applicable law, statute, rule or regulation, (iii) any contract to which the Seller is a party or may be bound, or (iv) any judgment, order, injunction, decree or ruling of any court or governmental authority to which the Seller is a party or subject, the execution and delivery by the Seller of this Agreement and any other agreement to be executed and delivered by the Seller in connection herewith and the consummation of the transactions contemplated hereby will not (a) result in any violation, conflict or default, or give to others any interest or rights, including rights of termination, cancellation or acceleration, or (b) require any authorization, consent, approval, exemption or other action by any court or administrative or governmental body which has not been obtained, or any notice to or filing with any court or administrative or governmental body which has not been given or done.

10.4 Compliance with Law. To the best of Seller's knowledge, the Seller's use of the Assets, wherever located, has been in compliance with all applicable federal, state, local or other governmental laws or ordinances, the non-compliance with which, or the violation of which, might have a material adverse affect on the Assets, the Assumed Liabilities or the financial condition, results of operations or anticipated business prospects of the Purchaser, and the Seller has received no claim or notice of violation with respect thereto. To the best of Seller's knowledge, the Seller has obtained all material permits, licenses, franchises and other authorizations necessary for the conduct of its business.

10.5 Tax and Other Returns and Reports. (i) All federal, state, local and foreign tax returns and reports (including without limitation all income tax, social security, payroll, unemployment compensation, sales and use, excise, privilege, property, franchise, license, and school) required to be filed by the Seller by the Closing ("Tax Returns") have been filed with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed, and all such returns and reports properly reflect the taxes of the Seller for the periods covered thereby; and (ii) all federal, state, and local taxes, assessments, interest, penalties, deficiencies, fees and other governmental charges or impositions, including those enumerated above with respect to the Tax Returns, which are called for by the Tax Returns, or which are claimed to be due from the Seller by notice from any taxing authority, or upon or measured by its properties, assets or income ("Taxes"), have been properly accrued or paid by or at the Closing if then due and payable.

10.6 Title to Assets. The Seller holds good and marketable title to the Assets, free and clear of restrictions on or conditions to transfer or assignment, and free and clear of liens, pledges, charges, or encumbrances. All Assets used and/or necessary to the conduct of the Seller's business, will be, at the time of Closing, in good working order.

10.7 Intellectual Property Rights.

10.7.1 the Seller owns, possesses, or has the right to use all intellectual property rights necessary or required to conduct its business as presently conducted, or otherwise used by the Seller;

10.7.2 no royalties or other amounts are payable by the Seller to other persons by reason of the ownership or the use of the any intellectual property owned or used by the Seller;

10.7.3 (i) to the best knowledge of the Seller, no product or service related to the Seller's business and marketed and sold by the Seller violates any license or infringes upon any intellectual property rights of others, (ii) the Seller has not received any notice that any such product or service conflicts with any intellectual property rights of others, and (iii) to the best knowledge of the Seller, there is no reasonable basis to believe that any such violation, infringement or conflict may exist;

10.7.4 The Seller is not a party to, or subject to, any contract which currently requires, or upon the passage of time or occurrence of an event or contingency (whether of default or otherwise) will require, the conveyance or disclosure of secret processes or formulae related to, any intellectual property of the Seller;

10.7.5 To the best of Seller's knowledge, all computer hardware and software included among the Assets and currently used and/or necessary to the conduct of the Seller's business, are in good working order;

10.7.6 The Seller has obtained and delivered to the Purchaser all consents and approvals of third parties necessary to duly transfer to the Purchaser all of the Seller's rights, title and interest in and to all of its intellectual property included among the Assets.

10.8 Labor Agreements and Disputes. The Seller is neither a party to, nor otherwise subject to any collective bargaining or other agreement governing the wages, hours, and terms of employment of the Seller's employees. The Seller is unaware of any labor dispute or labor trouble involving employees of the Seller.

10.9 Noncancelable Contracts. At the time of Closing, there will be no material leases, employment contracts, contracts for services or maintenance, or other similar contracts existing or relating to or connected with the operation of the Seller's business.

10.10 Litigation. The Seller has no knowledge of any claim, litigation, proceeding, or investigation pending or threatened against the Seller that might result in any material adverse change in the business or condition of Assets being conveyed under this Agreement.

10.11 Accuracy of Representations and Warranties. None of the representations or warranties of the Seller contain or will contain any untrue statement of a material fact or omit or will omit or misstate a material fact necessary in order to make statements in this Agreement not misleading. The Seller knows of no fact that has resulted, or that in the reasonable judgment of the Seller will result in a material change in the business, operations, or assets of the Seller that has not been set forth in this Agreement or otherwise disclosed to the Purchaser.

10.12 Business Operation. Between the Execution Date and the Closing Date, Seller shall continue to operate the golf course business in its normal and customary manner, and shall continue current efforts to maintain the upkeep and maintenance of the golf course, its assets and its business marketing. Seller shall repair and replace equipment, including any and all Assets, in the normal course of its business. Seller shall not offer or give away any promise of free or reduced rate golf course rounds, goods or services which may be redeemed or used following the Closing Date.

Section 11. Representations of Purchaser. The Purchaser represents and warrants as follows:

11.1 Corporate Existence. The Purchaser is now, and on the Closing Date will be, a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to enter into this Agreement and perform its obligations hereunder.

11.2 Authorization. The Purchaser has full corporate authority to execute and deliver this Agreement and any other agreement to be executed and delivered by the Purchaser in connection herewith, and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate and shareholder action. No other corporate proceedings by the Purchaser will be necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby. This Agreement constitutes a valid and binding Agreement of the Purchaser in accordance with its terms.

11.3 Conflict with Other Agreements, Consents and Approvals. With respect to (i) the articles of incorporation or bylaws of the Purchaser, (ii) any applicable law, statute, rule or regulation, (iii) any contract to which the Purchaser is a party or may be bound, or (iv) any judgment, order, injunction, decree or ruling of any court or governmental authority to which the Purchaser is a party or subject, the execution and delivery by the Purchaser of this Agreement and any other agreement to be executed and delivered by the Purchaser in connection herewith and the consummation of the transactions contemplated hereby will not (a) result in any violation, conflict or default, or give to others any interest or rights, including rights of termination, cancellation or acceleration, or (b) require any authorization, consent, approval, exemption or other action by any court or administrative or governmental body which has not been obtained, or any notice to or filing with any court or administrative or governmental body which has not been given or done.

11.4 Accuracy of Representations and Warranties. None of the representations or warranties of the Purchaser contain or will contain any untrue statement of a material fact or omit or will omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

Section 12. Conditions Precedent to Purchaser's Obligations. The obligation of the Purchaser to purchase the Assets is subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions, any one or portion of which may be waived in writing by the Purchaser:

12.1 Representations, Warranties and Covenants of Seller. The representations and warranties of the Seller contained herein and the information contained in the Schedules and any other documents delivered by the Seller in connection with this Agreement shall be true and correct in all material respects at the Closing; and the Seller shall have performed all obligations and complied with all agreements, undertakings, covenants and conditions required by this Agreement to be performed or complied with by it or prior to the Closing.

12.2 No Suits or Actions. At the Closing Date no suit, action, or other proceeding shall have been threatened or instituted to restrain, enjoin, or otherwise prevent the consummation of this Agreement or the contemplated transactions.

Section 13. Conditions Precedent to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions, any one or a portion of which may be waived in writing by the Seller;

13.1 Representations, Warranties, and Covenants of Purchaser. All representations and warranties made in this Agreement by the Purchaser shall be true as of the Closing Date as fully as though such representations and warranties had been made on and as of the Closing Date, and the Purchaser shall not have violated or shall not have failed to perform in accordance with any covenant contained in this Agreement.

Section 14. Purchaser's Acceptance. The Purchaser represents and acknowledges that it has entered into this Agreement on the basis of its own examination, personal knowledge, and opinion of the value of the business. The Purchaser has not relied on any representations made by the Seller other than those specified in this Agreement. The Purchaser further acknowledges that the Seller has not made any agreement or promise to repair or improve any of the equipment or other personal property being sold to the Purchaser under this Agreement, and that the Purchaser takes all such property in the condition existing on the date of this Agreement, except as otherwise provided in this Agreement.

Section 15. Indemnification and Survival.

15.1 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.

15.2 Seller's Indemnification.

15.2.1 The Seller hereby agrees to indemnify and hold the Purchaser, its successors, and assigns harmless from and against:

15.2.2 (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 Purchaser under this Agreement or paid by insurance maintained by the Seller or the Purchaser, (ii) any liability or obligation of the Seller which is not 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 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.

15.2.3 The Seller's indemnity obligations under Section 15.2 shall be subject to the following:

- (i) If any claim is asserted against the Purchaser that would give rise to a claim by the Purchaser against the Seller for indemnification under the provisions of this Section, then the Purchaser shall promptly give written notice to the Seller concerning such claim and the Seller shall, at no expense to the Purchaser, defend the claim.
- (ii) The Seller shall not be required to indemnify the Purchaser for an amount that exceeds the total purchase price paid by the Purchaser under this Agreement.

15.3 Purchaser's Indemnification. The Purchaser agrees to defend, indemnify, and hold harmless the Seller 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 Purchaser's failure to perform obligations of the Seller assumed by the Purchaser 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 Purchaser 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.

Section 16. Bulk Transfers. The Purchaser waives compliance by the Seller with the Delaware Bulk Transfers Article of the Uniform Commercial Code, and any other similar laws in any applicable jurisdiction (collectively "Bulk Transfers Law") in respect to the transactions contemplated by this Agreement. The Seller shall indemnify the Purchaser from, and hold it harmless against, any liabilities, damages, costs and expenses resulting from or arising out of (i) the parties' failure to comply with any Bulk Transfers Law with respect to the transactions contemplated by this Agreement, or (ii) any action brought or levy made as a result thereof, except for the Assumed Liabilities.

Section 17. Warranty of Authority. Each of the undersigned represents and warrants that they have not assigned, transferred, pledged or hypothecated, or purported to assign, transfer, pledge or hypothecate, to any person, entity or individual, any of the rights

assigned, transferred or conveyed by this Agreement and in that regard have full authority to enter into and bind themselves to this Agreement.

Section 18. Execution of Documents. Each of the parties hereto agrees that they will promptly execute and deliver all documents as may be necessary and appropriate to effectuate the terms of this Agreement. This Agreement may be executed in any number of actual or telecopied counterpart, which may be joined together and attached to one such original and shall constitute one and the same instrument.

Section 19. Governing Law: Arbitration. This Agreement shall be interpreted and enforced pursuant to the laws of the State of Delaware. 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 the appropriate State Court of the State of Delaware having jurisdiction.

Section 20. Entire Agreement. This Agreement constitutes the entire agreement by and among the parties hereto and it supersedes any and all other agreements, understandings, negotiations or discussions, whether oral or written, express or implied, concerning the subject matter herein among the parties to this Agreement.

Section 21. Time of the Essence. Time is of the essence with respect to the dates and time periods set forth in the agreement.

IN WITNESS WHEREOF, the parties have signed these presents and affixed their seals this day of , 2007.

Salt Pond Golf Associates, L.L.C.
By:
Title:
Date:

Witness

The Salt Pond Homeowners Association, Inc.
By:
Title:
Date:
STATE OF DELAWARE :

Witness

COUNTY OF SUSSEX :
:

BE IT REMEMBERED, that on this ____ day of _____, 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 _____, 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: _____

SCHEDULE 1

LIST OF INCLUDED ASSETS

SCHEDULE 3

LIST OF INCLUDED LIABILITIES

NONE

SCHEDULE 9.2.1.

BILL OF SALE

BILL OF SALE

For good and sufficient consideration, receipt of which is hereby acknowledged, the undersigned Salt Pond Golf Associates, L.L.C. ("Seller") hereby sells, transfers and conveys to Salt Pond Home Owners Association, Inc. ("Purchaser"):

All and any goods and chattels, property and effects relating to the Salt Pond Golf Course listed in Schedule 1 annexed hereto, which is incorporated herein and made a part hereof.

This bill of Sale shall be effective as to the transfer of all property listed in it as of the date hereof. Seller hereby sells and transfers such right, title and interest as it may hold and that said chattels sold herein are sold subject to such prior liens, encumbrances and adverse claims, if any, that may exist, and Seller disclaims any and all warranties thereto. All items are further sold in "as is" condition and where presently located.

Salt Pond Golf Associates, L.L.C.
By:
Title:
Date:

Witness

Salt Pond Homeowners Association, Inc.
By:
Title:
Date:

Witness

EXHIBIT A

NOTE

EXHIBIT B
MORTGAGE