

***LEASE of REAL ESTATE AND APPURTENANT EQUIPMENT  
AND PERSONAL PROPERTY***

This Lease Agreement (this "Lease") is dated as of January 01, 2012, by and between Lakeshore Company ("Landlord"), and Mount Kemble Lake Association ("Tenant"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant all owned assets (the "Premises", as defined below) located at Mount Kemble Lake Morristown, New Jersey, 07960.

**LEGAL DESCRIPTION.** The legal description for the Premises is: All owned real estate, roads, water system and all equipment.

**TERM.** The lease term will begin on January 01, 2012 and will terminate on December 31, 2012. It is understood that either party must provide written notification to the other thirty (30) days in advance of intent to vacate the Premises. Termination must occur at the end of the calendar month. Upon vacating the Premises, Tenant hereby agrees to return same in as good repair and "Broom Cleaned" condition as of the commencement date of the Lease, acceptable to Landlord's designated representative.

**TRIPLE NET LEASE.** This Lease is what is commonly referred to as a "Triple Net Lease", it being the intention of the parties that Landlord shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter or in any way incur any expense in connection with the Premises, and that the rent and any other payments to be made by Tenant to or on behalf of Landlord under the terms hereof, are to be free and clear of any impositions, expenses or setoffs of any kind or nature whatsoever, including without limitation, any taxes, charges or expenses in connection with the ownership, maintenance, repair and operation of the Property, all such expenses, charges and taxes to be paid by Tenant as provided herein. In as much as Landlord owns various regulated assets, including but not limited to a water company and a dam, it is the intention of this lease that both parties agree to maintain such assets in proper condition, as set forth in federal, state and local law, rules and regulations with the costs for such expenses and improvements to be covered by the Tenant directly or reimbursed to the Landlord via the lease payments.

**LEASE PAYMENTS.** Tenant shall pay to Landlord lease payments of \$25,000.00, payable in advance, semi-annually on March 1 and September 1, for a total lease payment of \$50,000.00. Lease payments shall be made to the Landlord at 3 Trails End, Morristown, NJ 07960, which address may be changed from time to time by the Landlord. Lease payments are subject to and shall include additional rent or other payments imposed upon or borne by the Tenant under this lease to the extent not paid by the Tenant.

**ESTIMATED LEASE PAYMENTS.** The lease payments may be increased or decreased by Landlord upon notice to Tenant based upon statements received or charges incurred by Landlord, information available to Landlord as to the probable cost of expected charges and expenses, or the reasonable estimate of Landlord as to the probable amount of expected charges or expenses, and shall be collectible as additional rent. Landlord shall be entitled to retain the monies received from such payments in its general fund pending payment of all such costs and charges. No more frequently than once each calendar quarter, the actual costs shall be determined by Landlord, and Tenant shall remit to Landlord on demand its unpaid pro rata share of the actual expense. In the event Tenant paid more than the actual expenses for such period of time, Landlord shall apply such overpayment towards the next estimated payments owing by Tenant. At the termination of this Lease, an accounting for such charges and expenses shall be made to the nearest practical accounting period, and Tenant shall pay to Landlord any balance due, or the Landlord shall refund to Tenant any excess amount paid within thirty (30) days after receipt of such accounting.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

**USE OF PREMISES.** Tenant may use the Premises only for recreation, for providing water, and for services for road and lake maintenance. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld.

**ALTERATIONS.** Tenant covenants and agrees that all alterations constructed on the Premises or work performed or caused to be performed by Tenant shall be in full compliance with all laws, rules, orders, ordinances, directions, codes, regulations and requirements of all governmental agencies, offices, departments, bureaus and boards having jurisdiction over the Premises (collectively, "Laws"). Landlord has not received notice of and is not aware of any pending, unabated violations of or noncompliance with any Laws.

**COST OF ALTERATIONS.** Tenant shall pay all costs of constructing any such alterations approved by Landlord including but not limited to fees and costs charged by architects, engineers, the general contractor, subcontractors, and laborers and materialmen.

**INSURANCE.** Tenant shall maintain liability insurance on the Premises on behalf of all three Lake entities (The Lakeshore Company, Mount Kemble Lake Country Club and Mt. Kemble Lake Association, Inc.) (collectively, the "Lake Entities") with limits for personal injury and for damage to property as specified by Landlord. Tenant shall maintain worker's compensation insurance as required by Laws. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

**RENEWAL TERMS.** This Lease shall automatically renew for an additional period of 1 years per renewal term, unless either party gives written notice of termination no later than 30 days prior to the end of the term or renewal term. The lease term during any such renewal term shall be the same as those contained in this Lease except that the lease installment payments shall be \$25,000.00 per annual period.

**MAINTENANCE.** Tenant shall have the responsibility to maintain the Premises in good repair and in full compliance with all Laws at all times during the term of this Lease.

**UTILITIES AND SERVICES.** Tenant shall be responsible for all utilities and services incurred in connection with the Premises. By way of example and not limitation, Tenant shall pay for all water, gas, heat, light, power, telephone, property taxes, Licensed Water Operator fees and other utilities and services supplied to the Premises, and common area maintenance expenses.

**TAXES.** Real estate taxes on the Premises will be paid by the Tenant.

**TERMINATION CLAUSE.** Notwithstanding any other provision of this Lease, either party may, upon 30 days' written notice, terminate this lease at which time all credits and lease payments through the termination date will come immediately due.

**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 30 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by applicable Laws), and without prejudicing Landlord's rights to damages.

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes.

**RESTRICTED LAND.** Tenant shall comply with all deed restrictions on the Premises.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the Premises to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all Laws at its cost and expense, unless and to the extent caused by the act or omission of the Landlord or preexisting the date of this Lease.

**CONSTRUCTION LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall, subject to applicable Laws, have the right to file any construction lien or any other kind of lien on the Premises. If a lien is filed, the Tenant shall arrange for its discharge or shall bond such lien to the satisfaction of the Landlord within thirty (30) days following notice of such lien.

**SUBORDINATION OF LEASE.** This Lease is subordinate to any mortgage or other obligation that now exists, or may be given later by Landlord, with respect to the Premises.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:**

Lakeshore Company  
3 Trails End  
Morristown, NJ 07960

**TENANT:**

Mount Kemble Lake Association  
3 Trails End  
Morristown, NJ 07960

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of New Jersey.

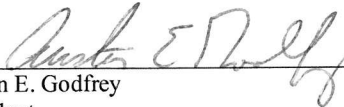
**ENTIRE AGREEMENT/AMENDMENT.** This Lease contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

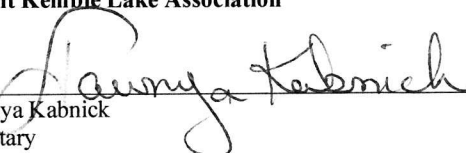
**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

**LANDLORD:**  
**Lakeshore Company**

By:  \_\_\_\_\_ Date: June 1, 2012  
Austin E. Godfrey  
President

**TENANT:**  
**Mount Kemble Lake Association**

By:  \_\_\_\_\_ Date: June 1, 2012  
Tawnya Kabnick  
Secretary