

Don Greenough

From: "Nancy M. LaRocque" <NML@mctlaw.com>
To: <donauld.greenough@verizon.net>
Cc: <wgottlieb@jhancock.com>; <mdisalvo@sema4usa.com>; "Neal C. Tully" <nct@mctlaw.com>;
"Mary E. O'Neal" <meo@mctlaw.com>
Sent: Wednesday, November 30, 2005 11:47 AM
Attach: Term Sheet_v3.DOC
Subject: From Neal C. Tully

On behalf of Neal C. Tully:

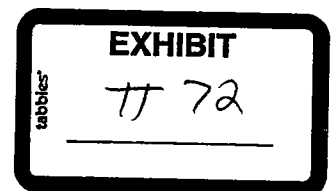
Dear Don:

I am sorry for the delay in getting our comments to you. Attached, in the form of a term sheet, are the terms and conditions which our clients believe should form the basis of the lease. As you will note, there is no reference to the rent. Before we can comment on the rent structure, we will need information from you on the Feoffees proposed rent, the basis for the rent calculation and proposed adjustments (intervals and standards). Similarly, there is no mention of "operating expenses" since that term appears to be defined only as relating to assessments. Since the Feoffees have traditionally paid the operating expenses out of the rent stream and since there is no agreement at this point on assessments, the reference was not included.

The enclosed terms can be fleshed out to a formal lease fairly quickly once agreement is reached. In doing so and in addressing the details, other issues may arise, and we reserve the right to amend or supplement our position if the need arises in that process.

Again, thank you for your patience. I do not expect to encounter such delays again as we move this process forward.

NCT



11/30/2005

TERM SHEET

1. Term: 20 years, 6 months, with a self-renewing evergreen provision that on each anniversary of the commencement of the lease, the term shall be extended one additional year.

2. Lease Year: July 1 through June 30

3. Use: Single family residence for seasonal use (except those premises which have already been approved for year round use); provided that upon completion of the septic improvements, all dwellings may be used on a year round basis by the tenants.

4. Assignment/Subletting: The tenant may assign the lease to a relative (spouse, child, grandchild), to an entity wholly owned or controlled by the tenant (i.e., nominee trust) or to a purchaser of the tenant's improvements, and sublease to a third party for up to 120 days (except during the period from December 1 through March 31) upon notice to, but without the requirement of the assent of, the landlord. Otherwise, any assignment, license or sublease of the premises or the tenant's improvements on the premises shall require the consent of the landlord, which shall not be unreasonably withheld or delayed.

5. Improvements:

- (a) All structures and other improvements erected or installed on the premises are and shall remain the personal property of the tenant. The tenant shall be solely responsible for the maintenance of such structures or other improvements.
- (b) Additional structures, additions to or extensions of existing structures, and exterior alterations will be subject to approval of the landlord, which shall not be unreasonably withheld or delayed, subject to a provision that any structure which has been damaged by casualty may be rebuilt to its former size and appearance (with and subject to all necessary government approvals) and further provided no additions, extensions or new construction that blocks existing views shall be permitted without the concurrence of the affected tenants.

6. Taxes:

- (a) Landlord agrees to use all reasonable efforts, working in conjunction with the tenants, to secure direct, individual tax bills for each tenant. Upon the tenants being individually taxed, it shall be tenants' sole responsibility to timely pay when due all real estate taxes on the lot and all improvements and to provide

the landlord evidence of such payment. Failure to pay the taxes when due shall be a breach of lease.

- (b) Pending direct, individual tax bills, the tenant shall be responsible to reimburse the landlord for (i) the taxes assessed against the improvements on the premises as determined by the assessor and; (ii) a proportionate share of the taxes assessed against the property, of which the premises form a part, provided that if the assessor has determined an assessment for individual lots, a tenant's proportionate share shall not exceed the tax allocation so determined by the assessor.
- (c) Pending direct, individual tax bills, the landlord shall, at the request of the tenants, file and prosecute an abatement application. The expenses related to the prosecution of the abatement shall be shared between the tenants and the landlord proportionate to the total square footage of the land leased by the tenants as to the total square footage of the land owned by the landlord. The landlord will provide notice to the tenants, of the assessments, within five business days of the landlord's receipt of the tax bill, to include providing the tenants with a copy of the tax bill and a breakdown of the tenant's share. The tenants will designate individuals who shall be authorized to act on behalf of all tenants with respect to the tenants' request that the landlord prosecute an abatement. Alternatively, the landlord shall permit the tenants, if the tenants so choose, to prosecute an application for an abatement in the name of the landlord.

7. **Payment Terms:** The base rent shall be due and payable in four installments, in advance, on July 1, October 1, January 1 and April 1, in each year. All payments not paid when due shall incur interest at the rate of 10% per annum from the date due until payment.

8. **Default/Termination:**

- (a) If the tenant fails to pay any rental payment (base or additional rent) when due, the landlord shall send written notice of default to the tenant by certified mail, return receipt requested or by hand. In the event the tenant fails to cure such default within 14 days of the date of receipt of such notice, the landlord may terminate the tenant's rights under this lease by further written notice. In the event of breach by the tenant of any of term or condition of this lease, including violation of the landlord's rules and regulations as incorporated in the lease, the landlord shall

send written notice of default to the tenant by certified mail, return receipt requested, or by hand, with a particularized statement of the default. If the tenant fails to cure the default within 30 days, or if the default cannot be cured within 30 days, if the tenant fails to commence to cure the default within 30 days and thereafter diligently prosecute the cure, the landlord may terminate the lease, by further written notice to the tenant. In either event, the tenant shall be responsible for payment of all of the landlord's costs of collection or termination, including reasonable attorney's fees.

(b) In the event of termination for breach of the lease, the tenant shall be provided a 180 day period within which to execute a purchase and sale agreement for the sale of the improvements to a third-party. In the absence of the tenant's election or ability to do so, the landlord shall be required to purchase the improvements at fair market value. If the parties cannot agree on the fair market value, the determination shall be made by a committee of three qualified appraisers, one appraiser to be selected by each party and the third to be selected by the other two appraisers. The decision of the committee shall be final and binding. Additional terms as to time limits, terms of payment, etc. will need to be formulated. During the 180-day period within which the improvements are being marketed and if a purchase and sale agreement is executed during the 180-day period, during the period until the improvements are conveyed, the tenant shall be responsible to pay the rent and any additional rent from the proceeds of sale. In the event the landlord purchases the improvements, the rent and any additional rent shall be deducted from the proceeds of sale.

9. **Security Interests:** The landlord shall consent to a mortgage or other security interest in the tenants improvements granted by the tenant in connection with buying, constructing, maintaining, etc. such improvements or refinancing.

10. **Common Area:** The landlord, at the landlord's expense, shall maintain the common areas, including but not limited to the beaches, the dock, the ball field and the community center. The tenants shall have the exclusive right to use such common areas.

11. **New Construction:** There shall be no new construction on any vacant lot(s) without the consent of 75% of the tenants.

12. **Landlord's Rules and Regulations:** The landlord shall consult with the tenants with respect to any amendments to the Landlord's Rules and Regulations, which amendments shall not be effective without the consent of 51% of the tenants.

13. **Dispute Resolution Process:** The lease should include a dispute resolution provision.

14. **Tenants' Right of First Refusal:** The tenants shall be provided a collective right of first refusal on the landlord's sale of all or any part of Little Neck.

15. **Police Details:** Landlord agrees, at landlord's expense, to provide a police detail (or equivalent) at the entrance to Little Neck on weekends and holidays during the period from July 1st through Labor Day.

16. **Property Management:** The tenant shall have the right to approve the selection of any property manager or management company retained by the landlord. Approval shall be by 51% of the tenants.

17. **Financial Statements:** The landlord shall provide to the tenants a copy of all financial statements provided to the beneficiary of the trust.

18. **Golf Carts:** Golf carts shall be permitted on Little Neck, operated by licensed drivers only provided that the tenant or tenants provide the landlord with appropriate certificates of insurance.

19. **Revised Terms:** In the event more favorable terms are offered to any subsequent tenant, such terms shall be offered to all tenants.

20. **Wastewater Collection System:** There is no agreement on the terms of the draft lease with respect to the wastewater collection system whereby the landlord seeks to hold the tenants responsible for the total cost of the construction of the system and charges for its maintenance and use.