

**JEKYLL ISLAND – STATE PARK AUTHORITY
RESIDENTIAL PROPERTY LEASE**

(Special 2010 Restatement and Term Extension)

THIS RESIDENTIAL PROPERTY LEASE ("Lease") is entered into and effective as of the ____ day of _____, 2010, (the "Effective Date"), with a New Rent Commencement Date of January 1, 2011, by and between **JEKYLL ISLAND-STATE PARK AUTHORITY**, a public authority created by the General Assembly of the State of Georgia pursuant to O.C.G.A. §12-3-230 *et seq.* and deemed an instrumentality of the State of Georgia and a public corporation (hereinafter the "Lessor"), whose address for the purposes of this Lease is 100 James Road, Jekyll Island, Georgia 31527, or such other location as may be designated, and

_____ (hereinafter the "Lessee" whether singular or plural, and the term Lessee herein shall also refer to Lessee's successors and assigns), whose address for purposes of this Lease is:

_____ This Lease is effective as of _____, and amends and restates the terms and conditions in the original lease which is dated _____ and was recorded in Deed Book _____, Page _____, in the real property records of the Clerk of Superior Court, Glynn County, Georgia, as subsequently extended and amended. The original lease, as modified and amended herein, remains in full force and effect. The term "Lease" as used hereafter in this document shall refer to this document and the terms and conditions contained herein.

Lessee desires to lease from Lessor, and Lessor desires to lease to Lessee, certain land located on Jekyll Island, Glynn County, Georgia, to wit:

That certain tract or parcel of land located on Jekyll Island in the County of Glynn and State of Georgia described as Lot(s) _____ of Block _____, _____ Subdivision, and more particularly described on Exhibit A, attached hereto and by this reference incorporated herein, more commonly known by the street address of _____, Jekyll Island, Georgia 31527;

to have and to hold unto the Lessee and Lessee's heirs and assigns, together with all and singular the rights, members and appurtenances thereof, to the same being, belonging, or in anywise appertaining to the proper use, benefit, and behoof of the Lessee upon the terms and conditions set forth herein, subject to that certain "Jekyll Island State Park Authority General Notice and Property Restrictions" (hereinafter the "General Notice"), recorded at Book 7-Q, Page 316 *et seq.*, in the real property records of the Clerk of the Superior Court of Glynn County, Georgia.

SECTION 1 – PREMISES, TERM, REPRESENTATIONS, USE OF PREMISES AND DEFINITIONS

1.1 Premises Leased. For and in consideration of Lessee's covenant to pay the Rent and other sums provided for herein, and the performance of the other obligations of Lessee hereunder, Lessor leases to Lessee, and Lessee leases from Lessor, the Land, together with any appurtenant buildings, structures and other improvements (the "Improvements") in which Lessor holds or claims a real property interest, currently located and/or hereafter constructed thereon (the Land and Improvements collectively referred to as the "Premises"). There is no option provided or available to the Lessee to purchase the fee interest in the Land. There shall be no merger of the leasehold interest and the fee simple interest in the Land by operation of law.

1.2 Term and Expiration of Lease.

(a) **Term.** The term of this Lease ("Term") shall commence on the Effective Date and shall expire at midnight on the 31st day of December, 2088, (the "Expiration Date"), unless terminated earlier as provided herein or extended as set forth in Section 1.2(b) below. In no event shall this Lease be extended beyond January 7, 2089.

(b) **Expiration of Term.** Lessee shall vacate the Premises promptly upon the expiration of the Term of this Lease. Any holding over of the Premises by Lessee after expiration of this Lease without written consent from Lessor shall be prohibited and subjects Lessee to immediate dispossession, and Lessee to be considered a tenant-at-sufferance and not a tenant-at-will. There shall be no renewal of this Lease by operation of law.

1.3 Lessor's Representations. Lessor represents, acknowledges and covenants that:

(a) **Title.** The term "Land," as used in this Lease, means the real property described in Exhibit A, less and except any buildings and improvements, so long as such Buildings or Improvements are owned and titled in Lessee's name. Fee simple title to the Land is vested in the State of Georgia, with such powers of disposition as vested by law in Lessor pursuant to O.C.G.A. §12-3-241, subject to such encumbrances as may be of record in the real property records of the Clerk of the Superior Court of Glynn County. Fee simple title to public land of the State of Georgia is not subject to lien or levy whatsoever. *Neal-Millard Co. v. Trustees of Chatham Academy*, 121 Ga. 208, 213-215 (1904); *B&B Elec. Supply Co. v. H.J. Russell Constr. Co.*, 166 Ga. App. 499, 503 (1983); 1982 Op. Att'y Gen. 82-91; 2009 Op. Att'y Gen. 2009-6.

(b) **Power and Authority.** Lessor has full authority and power to enter into this Lease and to consummate the transaction provided for herein, pursuant to law. Lessor, as an instrumentality and arm of the State of Georgia, and in particular, the fee simple interest in the Land, is not subject to bankruptcy proceedings. *This Lease is enforceable against the Lessor and the State of Georgia as a contract pursuant to the ex contractu waiver of sovereign immunity in Art. I, Sec. II, Para. IX of the 1983 Georgia Constitution.*

(c) **Quiet Enjoyment.** For so long as Lessee complies with all obligations set forth in this Lease, including but not limited to making the required payments of Rent, Lessee shall have the right to peacefully and quietly have, hold, occupy and enjoy the Premises, subject to the terms of this Lease, without hindrance or molestation from Lessor or any person or entity claiming by, through or under Lessor.

(d) **Condemnation.** In the event of condemnation of all or any portion of the Land by competent authority, Lessor shall provide prompt notice to Lessee and any Leasehold Mortgagee as set forth in Section 6.4 and shall honor the rights (if any) of the Leasehold Mortgagee to receive just compensation to the extent of the Lessee's share of same.

1.4 Lessee's Representations. Lessee represents, acknowledges and covenants that:

(a) **Power and Authority.** This Lease and all other documents executed and delivered by Lessee have been duly authorized, executed and delivered by Lessee and constitute legal, valid, binding and enforceable obligations of Lessee.

(b) **Nature of Lease.** This is a "triple-net" ground lease wherein Lessee, in addition to the payment of Rent, shall be directly responsible for the payment of any and all taxes, including land taxes; insurance; expenses; utility connection fees; utility usage charges; and the construction, maintenance, operation and repair with respect to the Premises; and that Lessor shall have no obligation of any nature with respect to the Premises, except as specifically provided in this Lease. Under Georgia law this Lease is an estate for years, and not a usufruct, and the parties agree that the rights of Lessor and Lessee are governed thereby. If a homeowners association exists, Lessee is obligated to pay all applicable association dues, fees and assessments and is solely entitled to exercise all membership rights.

(c) **Title to Improvements.** Title and ownership of all existing Improvements on the Land on the Effective Date and any Improvements added or constructed thereafter during the Term vests in Lessee; *provided, however*, upon the Expiration Date or upon any earlier termination of this Lease, title shall immediately, without further action, vest in Lessor. Lessee shall have the right, however, during the two (2) years immediately prior to the Expiration Date, to remove any or all Improvements from the Premises at Lessee's sole cost and expense, so long as Lessee remediates the property to a clean and level condition as set forth in Glynn County ordinances, and any Improvement left on the Premises is left in good and tenantable condition.

(d) **Condemnation.** In the event of condemnation of all or any portion of the leasehold estate by competent authority Lessee shall provide prompt notice to Lessor and any Leasehold Mortgagee and shall honor the rights of Lessor to receive just compensation for its interests; and the rights of the Leasehold Mortgagee and Lessee to receive just compensation to the extent of their rights as set forth in Section 6.4.

1.5 Permitted Use.

(a) The Premises is leased to Lessee for the construction of a single family residence and use of the property as a single family residence (the "Permitted Use").

(b) "Permitted Use" includes, without limitation, the design, construction, maintenance, repair and operation of a single family residence, which may include, without limitation, auxiliary structures and swimming pools. Lessee shall not use the Premises for any use other than the Permitted Use. Any changes in Permitted Use must be approved by the Lessor and added to this Lease by amendment.

(c) The use (including any "Permitted Use") of the Premises is subject to all applicable laws, regulations and ordinances and zoning, now existing or properly enacted during the Term of this Lease, of the United States of America, the State of Georgia, Glynn County, Georgia, and the Jekyll Island – State Park Authority, including but not limited to the Jekyll Island – State Park Authority's General Notice, Tree Ordinance, Sign Ordinance, Home Occupation Ordinance and the 2008 Design Guidelines, as adopted and as they may be amended.

(d) Limited commercial uses of the Premises are permitted so long as such uses are in conformance with the Jekyll Island – State Park Authority Residential Home Occupation Ordinance as adopted and as it may be amended.

(e) Use of the Premises for overnight rental purposes to any person, whether by the day, week, month or other period of time, is subject to the application and issuance of a rental license from the Jekyll Island – State Park Authority and payment of Percentage Rent as set forth in Sections 2.1(e) and (f) below. This subsection and Sections 2.1(e) and (f) are subject to modification by ordinance covering this Permitted Use as may hereafter be adopted or amended.

1.6 Recordation of Lease. Lessee agrees to record this Lease at its sole expense. Lessee may also record, at its sole expense, any other documents related to the Lease that are recordable under Georgia law. Lessee shall provide a copy of the recorded Lease and documents to Lessor, at Lessee's sole expense, containing the book and page of recording annotated as officially applied thereon, within thirty (30) days of the Effective Date.

1.7 Reservation of Subterranean Rights. Lessor reserves unto itself, its successors and assigns, all subterranean gas, oil and mineral rights of any nature whatsoever on or appurtenant to the Land. However, Lessor covenants and agrees that any exploration or extraction of gas, oil or other minerals shall be conducted from surface points outside of the boundaries of the Premises and in such manner as will avoid damage to the Premises or interference with Lessee's operation of the Premises, and in such manner as will not mar the beauty or otherwise detract from the desirability of the Premises for the use permitted by this Lease.

1.8 Definitions.

(a) *Assessor's Current Year Land Value* – means the fair market value for the Land as determined by the Glynn County Tax Assessor for a tax year, regardless of any freeze or adjustment of the assessed value or of the property tax due for any reason. The JIA shall use its best efforts to obtain the current land value each year from the tax assessors' office in the form and manner then utilized by the tax assessor's office for furnishing such land value. In the event JIA is unable to obtain the current land value from the assessor's office, then the Lessee shall be permitted sixty (60) days after notice thereof to secure from the assessor's office a value for the Land.

(i) Should the amount of the current land value not be available from the tax assessors office, same shall be computed by subtracting from the appraised value to arrive at the land value (A) the building (Improvements) value and (B) the miscellaneous value, if and only if the Tax Assessor verifies that the miscellaneous value represents only the value of an Improvement. If the miscellaneous value includes any land value, the JIA shall use its best efforts to have the Tax Assessor provide a value that does not include any land value.

(ii) In the event that neither the land value nor the building value is available from the tax assessor's office, the land value for the past year shall be increased or decreased in the same proportion as any increase or decrease in the appraised value from the most recent year in which the Assessor's Current Land Value was established, with same being a conclusive determination of the land value for the subject year for the purposes of this lease.

(iii) Should the "appraised value" of the subject property be under appeal by the Lessee, then the existing property value, prior to the value under appeal, shall continue to be definitive as to the property value until the appeal is resolved. Thereafter, should the appeal result in an increase or decrease in property value, the annual rent payments during said appeal period shall be adjusted to reflect the final property value and the increased rent shall be paid to JIA within 45 days of the decision, or the decreased annual rent shall be deducted from the next annual rent billing by the JIA.

(b) *Alternate Current Year Land Value* – In the event, *and only in the event*, that (i) the Glynn County Tax Assessor for any reason does not for a tax year issue a value for the current year Land Value or appraised value for the Premises (irrespective of whether such value changes or does not change from value issued for the previous tax year), or (ii) if the current year Land Value appraisal process is "frozen" or otherwise limited by any law, legislation, ordinance or policy, *then* the Alternative Current Year Land Value shall be used for any such Lease Year. Alternative Current Year Land Value is calculated from the most recent Assessor's Current Year Land Value, adjusted by the "Alternative Annual Adjustment." The Alternative Annual Adjustment shall continue to be applied only so long as the events in subsection (i) or (ii) exist. The Alternative Annual Adjustment shall be calculated by multiplying the most recent Assessor's Current Year Land Value by a fraction, the numerator of which shall be the CPI-U (defined below) for the month of September, and the denominator of which shall be the CPI-U for September that is one (1) year previous. As used in this Lease, the term "CPI-U" shall mean the Consumer Price Index for All Urban Consumers - All Items (1982-1984=100), as published by the United States Department of Labor, Bureau of Labor Statistics. So long as the events in subsection (i) or (ii) continue to exist for consecutive years, the next following year's determination shall be calculated by applying the

Alternative Annual Adjustment to the preceding Alternate Current Year Land Value. Upon the next determination and issuance of an Assessor's Current Year Land Value, the Alternative Current Year Land Value shall no longer be used, *provided, however*, that there shall be no recalculation (or "look back" provision) of Annual Rent for the Lease Years in which the Alternative Current Year Land Value was utilized to establish rent, regardless of whether such recalculation would increase or decrease the rent previously paid for such Lease Years.

- (c) *Effective Date* – refer to the opening Paragraph of the Lease.
- (d) *Expiration Date* – see Section 1.2(a) above.
- (e) *Gross Revenue* means the total amount in dollars Lessee derives from the rental operation of the Premises, and from any sales, whether for cash or on credit, of all goods, foods and beverages, merchandise, and services of whatever kind and nature made by reason of the rental of the Premises.
- (f) *Improvements* – see Section 1.1 above.
- (g) *Leasehold Mortgage* – see Section 4.1 below.
- (h) *Lease Year* – The twelve months comprising a year (from January 1 through December 31) of each calendar year, commencing with calendar year 2011 as the first Lease Year and ending with calendar year 2088 as the last Lease Year.
- (i) *Land* – see Section 1.3(a) above
- (j) *New Rent Commencement Date* – see opening Paragraph of the Lease
- (k) *Old Lease* – see the third Paragraph of the Lease.
- (l) *Permitted Use* – see Section 1.5 above.
- (m) *Premises* – see Section 1.1 above.
- (n) *Rent* – see Section 2.1 below.
- (o) Single Family Residence – see Section 1.5(a) above
- (p) *Term* – see Section 1.2(a) above.

SECTION 2 – RENT

2.1 Rent. "Rent" means, collectively, the 2010 Rent, Annual Rent, Percentage Rent and Additional Rent.

(a) **2010 Rent.** The 2010 Rent shall be the rent due under the Old Lease, prorated as follows:

(i) If the Effective Date of this Lease precedes the due date for the rent under the Old Lease, the 2010 Rent shall be the amount of the rent under the Old Lease prorated on a daily basis from the due date under the Old Lease to December 31, 2010, more specifically, the amount of the old rent multiplied by a fraction, the numerator of which is the actual number of days from the due date until December 31, 2010, including both the beginning and ending day, and the denominator of which is 365 days.

(ii) If the due date for the rent under the Old Lease precedes the Effective Date of this Lease, and the rent due under the Old Lease has been paid in full, then the Lessee shall receive a credit to be credited on January 1, 2011 against the 2011 rent due. The credit shall be calculated by subtracting the prorated amount calculated in subsection 2.1(a)(i) above from the actual rent paid on the 2010 due date under the Old Lease by Lessee.

(b) **Payment of 2010 Rent.** Lessee agrees to pay 2010 Rent to Lessor, at its offices on Jekyll Island, Georgia, or at such other place as the Lessor may direct, payable in advance upon the execution and delivery of this Lease, subject to the operation of subparagraph 2.1(a)(ii) above.

(c) **Annual Rent, Adjusted Rent Schedule.** Annual Rent for each Lease Year shall be calculated at four-tenths of one percent (0.4%) of the Assessor's Current Year Land Value (or, in the event and only in the event specified in Section 1.8(b) above, the Alternate Current Year Land Value) in effect for the tax year ending on December 31 of the year immediately preceding each Lease Year. Lessor shall provide Lessee the amount of the Annual Rent to be paid not later

than December 1 of the year immediately preceding the Lease Year for which the rent is due. The Annual Rent shall be adjusted as set forth below:

(i) For Lease Years 1 through 5, the Annual Rent due shall be discounted such that fifty percent (50%) of the Annual Rent shall be due and payable.

(ii) For Lease Years 6 through 10 only, the Annual Rent due shall also be discounted such that fifty percent (50%) of the Annual Rent shall be due and payable for a Lease Year in which the Homestead Tax Exemption provided by Glynn County is in effect. In order to qualify for this adjustment, Lessee must present, not later than November 15 of the year preceding each Lease Year proof from the Glynn County Tax Assessor or Tax Commissioner showing the qualification for the Homestead Tax Exemption for such Lease Years in which this Homestead adjustment is claimed.

(iii) There shall be no adjustments or discounts for Annual Rent other than as set forth in this Section 2.1(c).

(d) **Payment of Annual Rent.** Lessee agrees to pay Annual Rent to Lessor, at its offices on Jekyll Island, Georgia, or at such other place as the Lessor may direct, payable in advance, in annual installments on or before the New Rent Commencement Date and thereafter on or before January 1st of each successive Lease Year, until the Expiration Date of this Lease.

(e) **Percentage Rent; Adjusted Rate Schedule.** Commencing upon the New Rent Commencement Date, Percentage Rent shall be collected on all rent received by Lessee for the Premises and shall consist of three percent (3.0%) of Gross Revenue from such rental or sublease activity. Percentage Rent shall be adjusted during the first four Lease Years as follows:

(i) For Lease Years 1 and 2, Percentage Rent shall be adjusted to one percent (1.0%) of Gross Revenue; and

(ii) For Lease Years 3 and 4, Percentage Rent shall be adjusted to two percent (2.0%) of Gross Revenue; and

(iii) For Lease Year 5 and thereafter, Percentage Rate shall be paid without adjustment.

(f) **Payment of Percentage Rent.** Lessee agrees to pay Percentage Rent to Lessor, together with submission of such accounting forms as Lessor shall prescribe, at its offices on Jekyll Island, Georgia, or at such other place as the Lessor may direct, payable in arrears commencing as of the New Rent Commencement Date and beginning on the first calendar month of the initial rental to be paid not later than the 15th day of the following month and thereafter on or before the 15th day of each successive month, until the Expiration Date of this Lease. This payment schedule shall be in the same manner as required for payment of the Georgia Hotel-Motel Tax payments assessed pursuant to Georgia law. Percentage Rent shall be paid in addition to, and not in lieu of, Georgia Hotel Motel Tax payments required of Lessee under Georgia law.

2.2 Leasehold Transfer Fee.

(a) A Transfer Fee shall be paid to the Jekyll Island – State Park Authority on all assignments, conveyances, or transfers of a Lease to a successor Lessee. The Transfer Fee shall be calculated at one percent (1.0%) of the Assessor's Current Year Land Value or the Alternate Current Year Land Value, as appropriate, in effect for the tax year ending on December 31 of the year immediately preceding the year of the transfer.

(b) The following special exemptions apply to the Transfer Fee:

(i) Any transfer wholly between legally married individuals, or to and from married individuals and a living trust or instrument of similar effect which has one or both of the same legally married individuals as its only beneficiaries, shall be exempt from payment of the Transfer Fee;

(ii) The following types of transfers shall pay a Special Transfer Fee of Five Hundred Dollars (\$500.00):

(1) Transfers for the sole purpose of securing debt that are required to complete the debt transaction;

(2) Transfers that are *bona fide* gifts for which IRS Form 709 is filed and gift tax is paid or IRS Form 8283 with accompanying appraisal is filed;

(3) Transfers between husband and wife in connection with a divorce property settlement;

(4) Transfers without consideration by reason of death of a Lessee;

- (5) Transfers without consideration either directly among a Lessee's immediate family or involving a living trust or instrument of similar effect for the benefit of members of a Lessee's immediate family (e.g. parents and children); or
- (6) Transfers in lieu of foreclosure or to the first transferee at a foreclosure sale.

2.3 Additional Rent.

- (a) Wherever it is provided in this lease that Lessee is required to make any payment to Lessor or any third party or instrumentality of government, other than the 2010 Rent or Annual Rent, the payment shall be deemed to be Additional Rent and all remedies applicable to the non-payment of Rent shall be applicable. Lessor shall not be required to advance any such amounts owed to any third party or instrumentality of government on the account of Lessee in order to demand payment and declare default under Section 8.1 hereof.
- (b) Additional Rent includes all required taxes (including the Hotel-Motel Tax), charges, fees or assessments for transit, housing, police, fire or other governmental services or purported benefits to the Premises including, but not limited to, water and sewer fees, advertising fee, fire fees, EMT services fees, and the like that are payable to the Jekyll Island – State Park Authority, but not including fees for services, such as utility fees, that are payable to private services suppliers.
- (c) Additional Rent includes all required costs, payments and deposits, including but not limited to costs of required insurance policies and the premiums therefore.
- (d) Additional Rent includes the Hotel-Motel Tax and the Transfer Fee set forth in Sections 2.1(f) and 2.2 above.
- (e) Additional Rent includes, but is not limited to, all late payment fees, interest charges, fines or impositions authorized by law or ordinances or assessed to enforce law or ordinances, and costs of land disturbance permit compliance or of remediating the Land pursuant to Sections 1.4(c), Section 3 and Section 6; and the costs and expenses to remedy any other breach of the Lessee's covenants or obligations under the Lease.

2.4 Late Payment Fees. If any installment of Rent is not received by Lessor on or before the tenth (10th) day after the due date, Lessee shall pay a late charge equal to five percent (5%) of such overdue amounts. Lessee shall also be responsible for a service fee equal to fifty dollars (\$50.00) for any check returned for insufficient funds, which amount may be reasonably adjusted from time to time by Lessor, together with such other costs and expenses as may be imposed by Lessor's bank. The payment to and acceptance by Lessor of such late charge shall in no event constitute a waiver by Lessor of Lessee's Default with respect to such overdue amounts, nor prevent Lessor from exercising any of the other rights and remedies granted at law or equity or pursuant to this Lease.

SECTION 3 – CONSTRUCTION OF IMPROVEMENTS

3.1 New Improvements. Lessee is encouraged to modify, improve or re-build the improvements in Lessee's discretion to enhance Premises. The design and the construction of any new improvements or major modifications (those new structures and modifications of existing structures that require a building permit from Glynn County) which are constructed after the Effective Date shall fully comply with all building requirements and restrictions imposed by the Jekyll Island and Glynn County ordinances, including then existing JIA design and environmental guidelines, as amended. Lessee shall cause the removal of any existing improvements which are to be replaced in compliance with all applicable laws, ordinances, and restrictions. All land disturbing activities shall be completed with appropriate grasses and groundcovers and shall meet all soil erosion and stormwater control requirements of Glynn County. All construction shall meet or exceed State of Georgia building codes and life safety codes as specified and supplemented by the Georgia Department of Community Affairs, or by applicable Glynn County codes and ordinances; and shall meet or exceed FEMA coastal area building requirements and Jekyll Island ordinances, including Chapter IX, Flood Damage Prevention. All applicable permits shall be obtained at the sole cost of Lessee, and shall be posted on the construction site.

3.2 Design Requirements. Lessee shall cause all new Improvements to be designed and constructed in compliance with JIA's Design Guidelines (2008 Revision) as amended, and with any environmental restrictions or guidelines promulgated for Jekyll Island by Lessor or the Georgia Department of Natural Resources and/or its Environmental Protection Division. All applicable permits shall be obtained at the sole cost of Lessee. Approval of Lessor is required and shall be applied for and processed as set forth in the Design Guidelines.

3.3 Construction Period. Lessee agrees to remove any existing Improvements to be replaced and to complete construction within eighteen (18) months after the Lessor's approval of the design. If commencement of construction is delayed by more than six (6) months after approval, the completion of construction may be extended by such period of delay.

SECTION 4 – LEASEHOLD ASSIGNMENT, SUBLETTING AND FINANCING

4.1 Assignment, transfer and conveyance. Lessee shall have the right to assign, transfer or convey this Lease, without obtaining Lessor's consent, subject only to the payment of the Transfer Fee set forth in Section 2.2 above. Each such assignment, transfer or conveyance may include a release of the assigning lessee and shall be in recordable form, and accepted for inventory by the Lessor prior to recording, and a copy of the recorded instrument provided to Lessor within 30 days of the effective date of the instrument, all at Lessee's sole and exclusive expense. Lessor will not recognize any instrument as binding upon Lessor unless such instrument is presented for inventory, recorded, and a recorded copy supplied as set forth herein.

4.2 Subletting. Lessee shall have the right to sublet (estate for years) or rent (usufruct) all or any portion of the Premises, subject to this Section 4.2. Any such sublease or rental agreement shall require a rental license and the payment of Percentage Rent pursuant to the provisions of Sections 1.5(e) and 2.1(e) and (f) above. Subleases (estates for years) shall not be recorded, but a true and correct copy shall be provided to the Lessor and accepted for inventory by Lessor. Any sublease or rental agreement made by Lessee in violation of this Section 4.2 shall be null and void and of no effect as to Lessor.

4.3 Leasehold Mortgage Authorized. Subject to the requirements of this Section 4, Lessee shall have the absolute and unconditional right, from time to time, to mortgage, finance and refinance its interest in this Lease and/or its leasehold interest in the Premises, or any part or parts thereof, without limitation as to amount and without limitation as to what the mortgage secures, under one or more Mortgages (each a "Leasehold Mortgage"), and the right to assign unconditionally, collaterally or otherwise, this Lease and any subleases as collateral security for such Leasehold Mortgage. In connection therewith, Lessee may grant and convey Lessee's interest in this Lease in such form as the holder of the Leasehold Mortgage ("Leasehold Mortgagee") determines as long as Lessor (i) is expressly made not liable for the repayment of the indebtedness and (ii) the fee interest in the Premises is not security for the repayment of the indebtedness. All proceeds of any loan secured by a Leasehold Mortgage shall belong to Lessee. The term "Leasehold Mortgage" shall include mortgages, deeds of trust, deeds to secure debt, security deeds, assignments of the Lessee's interest, and all similar instruments, as well as security interests, including security interests in personal property, and pledges and assignments of the Lessee's interest in this Lease, and modifications, replacements and consolidations of any of the foregoing. Each Leasehold Mortgage and all instruments evidencing the property encumbered shall contain the following statement of limitation:

This Leasehold Mortgage makes no claim of interest in, nor shall it have any effect upon, the fee simple title and ownership of the real property interest underlying the Premises owned by the State of Georgia and vested by law in the Jekyll Island-State Park Authority by virtue of O.C.G.A. §12-3-241, which property is public property of the State of Georgia and the Jekyll Island-State Park Authority and not subject to lien or levy for any purpose.

4.4 Leasehold Mortgagee's Rights. The holder of such Leasehold Mortgage ("Leasehold Mortgagee") may, at its option, at any time before the rights of the Lessee shall have been forfeited to the Lessor due to default, termination, or early termination as herein provided, exercise these rights without limitation, or any other rights of the Lessee granted to the Leasehold Mortgagee in the Leasehold Mortgage documents: (i) pay any of the rents due hereunder or taxes assessed against said property, or any insurance premiums which the Lessee may have failed to pay, or (ii) do any other act or thing required of the Lessee by the terms of this Lease, to cure any default or to prevent the forfeiture or termination of this Lease, and (iii) all payments so made, and all things so done and performed, by or for any such Leasehold Mortgagee shall be as effective to prevent a forfeiture of the rights of the Lessee hereunder as the same would have been if done and performed by Lessee. In connection with the exercise of such rights, no Leasehold Mortgagee shall be or become liable to the Lessor as an assignee of this lease or otherwise unless the Leasehold Mortgagee expressly assumes the liability, and no such assumption of liability shall be inferred solely from or the result of foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Leasehold Mortgage or by proper conveyance from said Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interests of the Lessee under the terms of this Lease. The Leasehold Mortgagee shall have not less than 45 days after receipt of notice from Lessor to exercise the rights granted in this Lease before any rights of the Lessee shall be forfeited by Lessor. See also Section 8.1(b) in this regard. The Leasehold Mortgagee may acquire the Lease in its own name or in the name of its nominee.

4.5 Leasehold Mortgagee's Notice to Lessor and Effect Thereof. The Leasehold Mortgagee of any Leasehold Mortgage may notify Lessor, at its offices on Jekyll Island, Georgia, of the name and address of the Leasehold Mortgagee and request that copies of all notices under this lease, in particular notices of default or of termination of the Lease, as hereinafter provided, be mailed to such Leasehold Mortgagee. After receiving such notice and request, Lessor covenants with Leasehold Mortgagee (i) that Lessor shall not issue an early termination of the Lease, whether by default or otherwise, without providing notice to the requesting Leasehold Mortgagee and providing Leasehold Mortgagee with the same periods for cure offered Lessee under Section 8.1 hereof (provided such periods may run concurrently); and (ii) that upon receipt of notice that the Leasehold Mortgagee intends to initiate foreclosure or accept a deed in lieu of foreclosure, so long as Leasehold Mortgagee diligently and timely exercises and fully performs its right to cure any monetary defaults then existing under the lease as provided under Section 4.4 hereof, Lessor shall suspend any effort to terminate or declare default concerning this Lease.

4.6 Lessor's Estoppel. Lessor, within twenty (20) business days after written request to Lessor from Lessee, or any assignee or any grantee, or any Leasehold Mortgagee (or prospective Leasehold Mortgagee), will furnish a written estoppel certificate including the following items: (i) the amount of the Rent due, if any; (ii) whether or not the Lease is unmodified and in full force and effect (or, if there have been modifications, whether or not the same are in full force and effect as modified and identifying the modifications); (iii) whether or not to Lessor's actual knowledge Lessee is in Default and specifying the nature of any such Defaults, if any; and (iv) such other matters as Lessee or the Leasehold Mortgagee may reasonably request and which relate to the actual knowledge of Lessor.

SECTION 5 – LIABILITY, INSURANCE AND GENERAL INDEMNITY

5.1 Liability. Lessee accepts the Premises "as is" and "where is" and with all faults. Lessor makes no express or implied representations or warranties as to the condition of the Premises, including the absence of any hazardous condition or environmental condition, or the suitability of the Premises for the Permitted uses. Lessee, as a material part of the consideration to be rendered to Lessor under this Lease, hereby waives, to the fullest extent permitted by law, all claims against Lessor for loss, theft or damages to property (whether tangible or intangible) in and about the Premises, for economic loss (whether direct or consequential), and for the injury or death to any persons in, on or about the Premises, except for damage or loss directly caused by the sole negligence of Lessor.

5.2 Insurance Requirements.

(a) **Basic Insurance Coverages.** Lessee shall provide or cause to be provided throughout the Term the following liability insurance coverages. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Georgia Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer (or, for qualified self-insureds or group self-insureds, a specific excess insurer providing statutory limits) with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class V or larger.

(b) **Homeowner's Liability or Commercial General Liability Insurance.** Lessee shall procure and maintain throughout the Term Homeowner's Liability Insurance or Commercial General Liability Insurance that shall include, but need not be limited to, coverage for bodily injury and property damage arising from the premises in an amount not less than \$500,000 per occurrence, and shall name Lessor as an additional insured on such policy.

(c) **Property Insurance.** Lessee shall procure and maintain throughout the Term all-risk property insurance, including fire and extended coverage covering the full replacement value of Lessee's Improvements and including the property of others, and shall name the Leasehold Mortgagee (if any) and the Lessor as additional insureds on such policy as their interests may appear (A.T.I.M.A.). Notwithstanding anything to the contrary in this Lease, the proceeds of any insurance shall be first applied to the repair or replacement of the Improvements on the Premises. In the event the Improvements are not to be repaired or replaced, the insurance proceeds shall first be applied to the reduction of the unpaid principal balance of any Leasehold Mortgage; and then toward the costs of removing all debris and remains of the damaged Improvements from the Premises pursuant to Glynn County ordinances; then the balance of the proceeds, if any, shall be equitably allocated between Lessor and Lessee in accordance with the values of their respective interests in the Premises.

(d) **Lessor's Right to Amend Minimum Insurance Coverages.** Lessor may modify and amend the minimum insurance coverages from time to time, but not less than five years from the Effective Date or from any previous modification or amendment, to reflect then-current reasonable and standard limits, so long as such modification is uniform among all similarly situated residential lessees, by giving Notice to Lessee and both parties shall execute an amendment to this Lease reflecting the change.

5.3 General Indemnity. Lessee hereby agrees to indemnify and hold harmless the Lessor, the State of Georgia and its departments, agencies and instrumentalities and all of their respective officers, members, employees and directors (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses, including attorneys' fees, due to liability to a third party or parties, for any loss due to bodily injury (including death), personal injury, and property damage arising out of performance of this Lease or resulting from any act or omission on the part of (i) the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or (ii) the act or omissions of any subtenant or subtenant's employees or others working at the direction of such subtenant, or (iii) due to any breach of this Lease by the Lessee, or (iv) due to the violation by Lessee of any pertinent federal, state or local law, rule or regulation. This indemnification obligation survives the termination of the Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, the State Employee Broad Form Liability Fund, the State Insurance and Hazard Reserve Fund, and other self-insured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services Risk Management Division (hereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monies paid out by the Funds. This indemnification does not extend beyond the scope of this Lease and the activities undertaken thereunder. Nor does this

indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to the sole negligence of any Indemnitee.

SECTION 6 – MAINTENANCE, REPAIRS, DAMAGE AND DESTRUCTION, CONDEMNATION

6.1 Maintenance and Repair. Lessee shall, during the Term of this Lease, at its own cost and expense, keep and maintain the Premises in good order, and in accordance with all applicable laws and ordinances, and shall promptly make all necessary repairs and replacements thereto. Lessee agrees to maintain and keep the Premises clean and clear of all trash and debris and upon Lessee's failure to do so, the Lessor is hereby authorized to do or have done the necessary work to maintain said Premises as herein provided at the expense of the Lessee and the Lessee hereby agrees to pay to the Lessor upon demand the costs and expenses thereof. Lessor shall not be required to advance any amounts on the account of Lessee in order to remedy violations of Lessee prior to demanding payment and declaring default under Section 8.1 hereof. No provision contained in this lease shall be construed to limit the ability of Jekyll Island Authority or of any instrumentality of the State of Georgia with competent jurisdiction, to enforce lawfully enacted ordinances against Lessee.

6.2 Damage and Destruction. In the event of damage to or destruction of any Improvements on or to the Premises, the following shall apply:

(a) **Lessee's Duty to Restore.** Except as set forth in Section 6.2(b) below, any time during the Term, if Improvements now or hereafter on the Premises are damaged and/or destroyed in whole or in part by fire, theft, the elements, or any other cause, this Lease shall continue in full force and effect, and Lessee, at its sole cost and expense, shall repair and restore the damaged or destroyed Buildings or Improvements to substantially the same or better condition as existed prior to the damage or destruction in compliance with then-existing JIA design and environmental guidelines, and according to such modified plans as shall be reasonably approved in writing by Lessor, whether or not there are sufficient insurance proceeds to cover the repair and restoration expenses. The work of repair and restoration shall be commenced by Lessee as soon as possible, in accordance with the provisions of Section 3 above, but not later than one hundred twenty (120) days, unless mutually extended, after the date of the occurrence. Such work shall be deemed to have commenced upon the execution of a contract for design or construction or accomplishment of a preliminary activity, such as temporary physical property protection measures, and shall be prosecuted with all due diligence and shall be completed within twenty-four (24) months of the date of occurrence unless extended by force majeure or other excusable delay.

(b) **Option to Terminate Lease for Destruction.** Notwithstanding Section 6.1(a) above, in the event that the Improvements located on the Premises are damaged or destroyed by fire, theft or any other casualty, so that it or they cannot be repaired and restored as required by Section 6.1(a) of this Lease at a total cost that is less than or equal to one hundred ten percent (110%) of the total of the available insurance proceeds plus the deductible amount, then Lessee, with the express written consent of its Leasehold Mortgagee (if any), shall have the option of terminating this Lease by providing notice not later than ninety (90) days after the date of the occurrence of its intent to do so. In such event, then Lessee shall be required to remove, at Lessee's own cost and expense, all debris and remains of all Improvements from the Premises.

6.3 Destruction by Major Catastrophe. In the event the Improvements are damaged or destroyed by any casualty in a major catastrophe to Jekyll Island, such that unrestricted road access to the island, and/or island utilities (e.g. water, sewer, gas, electric) and essential services (e.g. fire and police protection services) are destroyed or disrupted, to the extent that restoration is reasonably estimated to take twelve (12) months or more to restore access and/or full utilities and essential services, Lessee, with the express written consent of its Leasehold Mortgagee (if any), shall have the option of terminating this Lease by providing notice not later than one hundred eighty (180) days after the date of the occurrence of its intent to do so. In such event, then Lessee shall be required to remove, at Lessee's own cost and expense, all debris and remains of all Improvements from the Premises.

6.4 Condemnation. In the event of condemnation of all or any portion of the Land by competent authority, Lessor shall provide prompt notice to Lessee and any Leasehold Mortgagee of which it has notice. In the event of condemnation of all or any portion of the leasehold estate or Improvements by competent authority, Lessee shall provide prompt notice to Lessor and any Leasehold Mortgagee. Lessor, Lessee and Leasehold Mortgagee shall cooperate reasonably with one another in any such condemnation proceedings commenced against the Land, the leasehold, or the Improvements. No party (Lessee, Leasehold Mortgagee, and Lessor) shall be entitled to the condemnation award proceeds of any other party as awarded by a court of competent jurisdiction, except to the extent Lessee is required to remit its condemnation award proceeds to Leasehold Mortgagee pursuant to a Leasehold Mortgage.

(a) **Continuation of Lease.** Except as set forth in Section 6.4(b) below, any time during the Term, if the leasehold, the Improvements or the Land are condemned by any party with competent authority, this Lease shall continue in full force and effect, and Leasehold Mortgagee shall permit Lessee to continue this Lease so long as the requirements of termination in Section 6.4(b) have not occurred.

(b) Option to Terminate Lease for Destruction. Notwithstanding Section 6.4(a) above, in the event of a condemnation of the leasehold, the Improvements or the Land which results in the inability of Lessee to occupy the Improvements in accordance with applicable laws and ordinances, so long as Lessee provides notice to Lessor within ninety (90) days of the final settlement or adjudication of the condemnation, Lessee shall be entitled to terminate this Lease. In such event, Lessee shall be required to remove, at Lessee's own cost and expense, all debris and remains of all Improvements from the Premises.

SECTION 7 – VISITS BY LESSOR, EMERGENCIES

7.1 Lessor may visit the Premises at reasonable times upon seven (7) days notice to observe whether or not Lessee is complying with the terms of this Lease and applicable ordinances. If the Lessee or representative of the Lessee is not available, the Lessee may reschedule the visit to a date and time mutually agreed. Lessor reserves the right, but is not obligated, to enter upon the Premises, without prior notice, in the event of an emergency condition or situation (e.g., an unexpected or sudden serious and urgent occurrence that demands immediate action to prevent imminent peril to life, limb or destruction of property). The cost of remedying deficiencies identified by observation and the expenses of any emergency entry shall be due and paid by Lessee on demand as Additional Rent. Lessor shall assume no duty or liability with respect to the Premises as a result of any visit, observation or emergency entry. Lessor shall have no right to enter upon the Premises except in conformance with this Lease.

SECTION 8 – DEFAULT AND TERMINATION

8.1 Default and Remedies. If Lessee (i) fails to pay any Rent, including but not limited to 2010 Rent, Annual Rent, Additional Rent, Percentage Rent, Transfer Fees, or any other sum due and payable by Lessee hereunder at the time set forth in this Lease and continues to fail to pay such Rent or other sum for a period of thirty (30) days after receipt of written notice from Lessor pertaining thereto; or (ii) violates any permit, ordinance, regulation, or law applicable to the Premises and fails to promptly cure such violation for a period of thirty (30) days after receipt of notice from Lessor or any government entity with competent jurisdiction respecting such law or ordinance (and any such notices shall be promptly provided to Lessor), or (iii) fails to perform any other covenant to be performed by Lessee or obligation of Lessee under this Lease and continues to fail to perform the same for a period of ninety (90) days after receipt of written notice from Lessor pertaining thereto (or a reasonable period of time, using due diligence, if any non-monetary Default cannot be cured within such ninety (90) day period or as further extended by Lessor), then Lessee shall be deemed to be in Default under this Lease and Lessor, in addition to other rights or remedies it may have, in Lessor's sole and exclusive discretion, may take the following actions after providing to the Leasehold Mortgagee the notices required under this Lease:

(a) Continue this Lease in effect by not terminating Lessee's right to possession of the Premises, and thereby be entitled to enforce by bringing an action or enforcing all Lessor's rights and remedies under this Lease, including the right to recover Rent specified in this Lease as it becomes due under this Lease; or

(b) In the case of a monetary default as set forth in Section 8.1(i) above only, terminate Lessee's right to possession of the Premises and recover the Premises and any unpaid Rent from Lessee; provided however, that, so long as Leasehold Mortgagee diligently and timely exercises and fully performs its right to cure any monetary defaults then existing under the Lease as provided under Section 4.4 hereof: (i) Lessor covenants and agrees it shall not terminate Lessee's rights in the event the Leasehold Mortgagee provides notice to Lessor of the foreclosure of or similar undertaking to acquire the Leasehold Mortgage or to protect its security interest in the leasehold estate, and for so long as Leasehold Mortgagee diligently prosecutes such undertaking to protect its rights and/or its security interest as granted to the Leasehold Mortgagee under Section 4 above and elsewhere in this Lease; and (ii) at the Leasehold Mortgagee's option, Lessor covenants and agrees to execute a new lease for the remaining term with the Leasehold Mortgagee or its designee on otherwise the same form, terms and conditions of this Lease, such new lease to be of the same priority as this lease and Lessor further shall cooperate with the Leasehold Mortgagee in obtaining a title endorsement insuring that the new lease is of the same priority and that the lien on the leasehold estate is of the same priority.

(c) In lieu of, or in addition to, bringing an action for any or all of the recoveries described in this Section, in the case of a monetary default as set forth in Section 8.1(i) above only, to bring an action to recover and regain possession of the Premises by dispossessory proceeding in any state court in Glynn County, Georgia, but subject to the proviso in Section 8.1(b) above.

8.2 Effect of Termination. Subject to the provisions of Section 4 above (relating to the rights of Leasehold Mortgagees), upon termination of this Lease all rights and privileges of Lessee and all duties and obligations of Lessor hereunder shall terminate. Immediately upon such termination of the Term, and without further notice to any other party, but subject to the provisions of Section 4 above, Lessor shall have the right to assert, perfect, establish and confirm all rights reverting to Lessor by reason of such termination by any means permitted by law, including the right to take possession of the Premises together with all Improvements thereto, subject to Lessee's rights to remove its property as provided herein, and to remove all persons occupying the same and to use all necessary lawful force therefor and in all respects to take the actual, full and exclusive possession of the Premises and every part thereof as Lessor's original

estate, thereby wholly terminating any right, title, interest or claim of or through Lessee as to the Premises or the Improvements or fixtures and alterations to the Improvements, and all personal property located on the Premises, all without incurring any liability to Lessee or to any person occupying or using the Premises for any damage caused or sustained by reason of such entry or such removal, except for damage resulting from Lessor's negligence or willful misconduct in effecting such removal.

8.3 No Waivers. No failure by any party hereto to insist upon the strict performance of any provision of this Lease or to exercise any right, power or remedy consequent to any breach or Default thereof, and no waiver of any such breach or Default, or the acceptance of full or partial Rent during the continuance thereof, shall constitute a waiver of any such breach or of any such provision. No waiver of any breach or Default shall affect or alter this Lease, which shall continue in full force and effect, or the rights of any party hereto with respect to any other then existing or subsequent breach or Default.

SECTION 9 – MISCELLANEOUS PROVISIONS

9.1 Lease Construed as a Whole. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and neither strictly for nor against Lessor or Lessee. This Lease shall be construed in accordance with Georgia law.

9.2 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

9.3 Survival. Each provision of this Lease which may require the payment of money by, to or on behalf of Lessor or Lessee or third parties after the expiration of the Term hereof or its earlier termination shall survive such expiration or earlier termination.

9.4 Amendment. This Lease may be amended only in writing, signed by both Lessor and Lessee.

9.5 Broker. Lessor and Lessee each represent and warrant to each other that it has had no dealings with any real estate broker or agent in connection with this transaction, and that it knows of no real estate broker or agent who have a claim to a commission in connection with this transaction. Lessee acknowledges that by law, no broker's lien or levy can attach to the Lessor's or the State's ownership of the Land, as public property.

9.6 Remedies Cumulative. It is understood and agreed that the remedies herein given to either party shall be cumulative, and the exercise of any one remedy of such party shall not be to the exclusion of any other remedy.

9.7 Entire Agreement. This Lease and any exhibits referred to herein, are the final, complete and exclusive agreement between the parties and cover in full each and every agreement of every kind or nature, whatsoever, concerning the leasing of the Premises. All preliminary negotiations and agreements of whatsoever kind or nature, are merged herein. Lessor has made no representations or promises whatsoever with respect to the Premises, except those contained herein, and no other person, firm or corporation has at any time had any authority from Lessor to make any representations or promises on behalf of Lessor, and Lessee expressly agrees that if any such representations or promises have been made by others, Lessee hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law or custom to the contrary notwithstanding.

IN WITNESS WHEREOF, Lessor and Lessee have entered into this Lease as of the date first written above.

LESSOR:

JEKYLL ISLAND – STATE PARK AUTHORITY

By: _____
Chairman

Attest:

Secretary

Sworn and subscribed in our presence
This ____ day of _____, 2010

Unofficial Witness

Official Witness
Notary Public

My commission expires: _____

LESSEE:

Sworn and subscribed in our presence
This ____ day of _____, 2010

Unofficial Witness

Official Witness
Notary Public

My commission expires: _____

ACCEPTED FOR INVENTORY: _____; Jekyll Island – State Park Authority

EXHIBIT A
LEGAL DESCRIPTION