

GROUND LEASE UNDERLYING RECREATION AREA

THIS LEASE, made and entered in the City of Stuart, County of Martin, and State of Florida, on this 1st day of July, 1970, by and between WILLIAM GUNDLACH, TRUSTEE, joined by his wife, JUANITA M. GUNDLACH, herein designated as "Lessor", party of the first part, and KING MOUNTAIN CONDOMINIUM ASSOCIATION, INC., a Florida corporation not for profit, herein called "Lessee", party of the second part. This Lease is made for the benefit of the parties, their heirs, personal representatives, successors, and assigns; and for convenience, reference is made to them in the singular number and neuter gender.

WITNESSETH:

WHEREAS, Lessor is the owner of certain property more fully herein-after described, and

WHEREAS, Lessee is desirous of leasing from Lessor said property,

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter mentioned and to be performed by the respective parties hereto, and the payment of the rental hereinafter designated to be paid by the Lessee, in accordance with the provisions of this Lease, the Lessor has leased, rented, lot and domised, and by these presents does lease, rent, lot and demise unto the said Lessee, its successors and assigns, that certain property situate, lying and being in Martin County, Florida, as is more specifically described in Exhibit "A" attached hereto and by reference made a part hereof. The same being the land upon which some of the condominium recreational facilities will be located.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise incident or appertaining, together with the rents, issues and profits thereof (save and except the rents and other amounts due to the Lessor and owner by the Lessee herein) unto said Lessee, for a term of years as is hereinafter set forth in Paragraph I of this Lease.

Lessee states and Lessor acknowledges that Lessee is entering this Lease as Agent for MONTEREY DEVELOPMENT COMPANY, a Florida corporation, the present owner of all the condominium units (under construction) in the KING MOUNTAIN CONDOMINIUM, and that the said Lessee will also act as Agent for all future condominium unit owners from the time of closing following a sale of each unit. The KING MOUNTAIN CONDOMINIUM papers are recorded in Official Record Book _____, Pages _____, of the Public Records of Martin County, Florida. The rental liability of the owner of each condominium unit is established in Article III below. The percentage of liability for the other covenants in the Lease for which each unit owner is responsible, other than rentals, is set forth in Exhibit "B" attached hereto. No condominium unit owner is liable nor responsible for any other condominium unit owner's payments under the Lease. Each condominium unit owner's apartment is pledged as security for his performance under this Lease.

THE TERMS AND CONDITIONS OF THIS LEASE ARE AS FOLLOWS:

ARTICLE I.

TERM:

This Lease shall be for a term of ninety-nine (99) years, and shall begin at twelve o'clock noon on July 1, 1970 and, as aforesaid, shall continue for ninety-nine (99) years thereafter until twelve o'clock noon on the last day of the ninety-ninth year.

Book 325 pg 298

OR BK 117,5 PG 881

Exhibit 1104

Lessor, in acquiring this Lease, has done so as a result of a personal inspection of the premises, and no oral representations of any kind made by Lessor, and not incorporated in this instrument shall be binding upon Lessor and Lessee, this Lease containing the full embodiment of the Lessor's and Lessee's agreement.

ARTICLE VI.

CONSTRUCTION.

Lessee shall not in any other manner improve the premises by the addition of any other improvement or structure whatsoever without the specific approval and concurrence by the Lessor.

No structure or improvement, once constructed after approval, may be demolished or altered or in any way diminished in value by the Lessor or any person claiming hereunder, except in accordance with the provisions of the Article hereinafter contained which is captioned "DEMOLITION CLAUSE", and any attempt to demolish or diminish the size and value of such shall constitute a violation of this Lease unless done in accordance with the provisions of said "DEMOLITION CLAUSE".

ARTICLE VII.

LESSEE TO CARRY LIABILITY INSURANCE.

Lessee covenants and agrees that Lessee will pay all expenses necessary to keep and maintain in good order, condition and repair, all structures and improvements now or hereafter situated on the demised premises, which property is subject to the Lessor's lien hereunder. Lessee agrees to save and keep the Lessor free and harmless from any and all damage and liability occasioned by the use of said premises and shall indemnify and save harmless the Lessor from and against any loss, cost, damage and expense arising out of and in connection with any building and improvements upon said premises and out of any accident causing injury to any person or property whatsoever or whatsoever and due directly or indirectly to the use or occupancy of said premises; and the Lessee covenants and agrees to provide or cause to be provided fully paid-up policies of insurance generally known as public liability policies and/or owners', landlord and tenant policies, insuring the Lessee and the Lessor against all claims and demands made by any person or persons whomsoever for injuries received in connection with the use, operation and maintenance of the property or the improvements and structures located thereon to the extent of not less than Five Hundred Thousand Dollars (\$500,000.00) to cover the claim or damage from any single or specific cause, by any one person, and to the extent of not less than Six Million Dollars (\$6,000,000.00) to cover, in connection with any one particular accident or occurrence, the total aggregate of any claims that may arise or be claimed to have arisen against the Lessor as aforesaid. Lessee agrees to adjust the minimum coverage above referenced at the time and in direct proportion to any rental increase as set forth and established pursuant to Article III above.

Whenever, under the provisions of this Lease, policies of insurance are required to be issued or maintained by the Lessee, Lessee shall cause the original of such policies or certificates of the issuance thereof to be delivered to the Lessor as evidence of the compliance by the Lessee with the terms and provisions of this instrument, except where the terms of any mortgage require that said policies be held by the mortgagee, the Lessee shall furnish Lessor a conformed copy of the policies.

ARTICLE VIII.

FIRE, WINDSTORM AND CASUALTY PROVISIONS: RELATED INSURANCES.

The Lessee does hereby covenant and agree with the Lessor that Lessee will at all times during the term of this Lease insure or cause to be insured (1) any and all buildings or improvements that may be built or placed upon said demised premises, and (2) Lessee's condominium unit which is pledged to Lessor to secure Lessee's performance hereunder, in good and responsible insurance companies authorized to do business in the State of Florida, and approved by the Lessor or any mortgagee then holding a mortgage encumbering the demised premises, for protection against all loss or damage by windstorm or fire and other casualty, to an amount that will be sufficient to prevent co-renewals thereof shall be payable in the event of loss to the Lessor and the mortgagee, if any, as their interests may appear, provided, however, that Lessee's liability for insurance costs shall be limited by Lessee's percentage interest in this Lease. In the event of the destruction of said structures or improvements or said personal property by fire, windstorm, hurricane, or other casualty for which insurance money shall be payable, such insurance money shall be paid to an Insurance Trustee as provided for in the Declaration of Condominium of KING MOUNTAIN CONDOMINIUM, and shall be used for the reconstruction or repair, as the case may be, of any improvement or structure damaged or destroyed by fire, windstorm, hurricane or other casualty for which the insurance money was payable. The Insurance Trustee shall pay out from the insurance proceeds from time to time, on the estimates of any architect or requisitioner of any general contractor licensed in the State of Florida selected by the Lessee and approved by Lessor, who shall have supervision of such reconstruction and repair, providing the same certifies that the amount of each estimate or requisition is or has been applied to the payment of the reconstruction or repair, and at a reasonable cost therefore, provided further, that it first be made to appear to the satisfaction of the Insurance Trustee that the amount of money necessary to provide for the reconstruction or repair and refurnishing of any structure or improvement destroyed or damaged as aforesaid, according to the plans adopted therefore, which may be in excess of the amount received upon such policies, has been provided by the Lessee for such purpose and its application for such purpose assured.

The Lessee covenants and agrees with the Lessor that in the event of the destruction or damage of any structure and or improvements, or any part thereof, including seawall and groins, and as often as the same shall be destroyed or damaged by fire, windstorm, hurricane or other casualty and whether or not covered by insurance, the said Lessee shall rebuild and repair the same upon the same general plans and dimensions as before the said fire, windstorm, hurricane or other casualty, or upon such other plans as may be agreed upon in writing by the said Lessor and Lessee respectively, the reconstruction so rebuilt and repaired and the personal property so replaced to be based upon the same value as the building and improvements upon the demised property prior to such damage or destruction, and shall have the same rebuilt and ready for use within six (6) months from the time when the loss or destruction occurred and shall be free and clear of all liens or claims of contractors, sub-contractors, mechanics, laborers and materialmen or the possibility thereof.

If at any time such insurance money comes into the possession of the Insurance Trustee after destruction by fire, windstorm, hurricane or other casualty, and the Lessee is in default in the payment of any rent, tax assessment, lien or other charges which, by the terms of this Lease, has been agreed to be paid by the Lessee, or if such default shall occur during the time said insurance money, or any part thereof, is in the bank account, as aforesaid, then Lessor shall be entitled to receive from the Insurance Trustee, upon written application therefore, so much of the insurance money as may be necessary to fully pay

or discharge any such sum of money in the payment of which the Lessee is in default, as aforesaid, and this shall be done whenever and as often as any such default shall occur on the part of the Lessee. Nothing herein contained, however, shall be construed as permitting the Lessee to default in the payment of the rentals or other charges herein stipulated to be paid, or in the performance of the other covenants of this Lease, and the Lessor may, at Lessor's option, in case of default in the payment of such rents or other charges, or default in the performance of any other covenant in this Lease, proceed against the Lessee for the collection of such rentals and charges, and recover and take possession of Lessee's interest in and to the premises herein described, in accordance with the provisions of this Lease herein set forth, and without prejudice to its rights to the benefit of such insurance money as security for the payment of such rentals and other charges. Lessee will forthwith reimburse the Insurance Trustee and immediately deposit for the purpose of reconstruction or repair, any amount so paid thereout on account of any default of the Lessee.

It is agreed by and between the Lessor and the Lessee that any excess of money received from insurance remaining with the Insurance Trustee after the reconstruction or repair of such building or buildings, if there be no default on the part of the Lessee in the performance of the covenants herein, shall be paid to the Lessee. In case of the Lessee not commencing the reconstruction or repair of said buildings and prosecuting them continuously to completion and causing such completion to be accomplished within six (6) months after the occurrence of such damage or loss occasioned, as aforesaid, (exclusive of delays caused by strikes, war, fire and other casualty) then the amount so collected or the balance thereof remaining with the Insurance Trustee, as the case may be, shall be paid to the Lessor, and it will be at Lessor's option to terminate this Lease for default resulting from the failure on the part of the Lessee to promptly, within the time specified, complete such work of reconstruction or repair.

ARTICLE IX.

DEMOLITION CLAUSE.

Lessee covenants and agrees that neither leasehold improvements nor Lessee's condominium unit pledged to Lessor to secure Lessee's performance hereunder, once constructed, shall be moved or torn down, in whole or in part, unless Lessee shall first have agreed in writing, in a manner approved by Lessor, to replace or restore the improvement or to repair or replace the portion thereof demolished with others of equal or greater value. Once approval of such is made, no work or demolition shall be commenced until Lessee shall have first furnished the Lessor, and the Lessor shall have approved the plans and specifications, the contract of demolition and reconstruction, and the Lessee shall have an escrow fund sufficient in amount to assure the payment for such work. The Lessee shall also furnish the Lessor with a good and sufficient performance and payment bond with corporate surety, by a surety company authorized to do business as such in Martin County, Florida, and currently listed on the United States Treasury List of Approved Bonding Companies in good standing and conditioned upon the said work of restoration, renovation or replacement being carried through to completion in accordance with the terms hereof, and all bills for work, labor, services and/or materials utilized in said work being paid and waivers of lien therefore procured. The said work, when started, shall be carried through continuously to completion and the time between the starting of the demolition and the completion of the work shall not be longer than twelve (12) months. Nothing herein contained shall be construed as:

(a) Prohibiting Lessee from making repairs, doing ordinary remodeling in order to preserve any structure or improvement which may be located upon the demised or pledged premises or in order to extend or bring the same up to date.

(b) Requiring the Lessor to join in any mortgage in connection with or become liable in any way for any portion of the cost of doing any work of demolition, repair, remodeling or rebuilding.

(c) Relieving Lessee of any rental payment due under this Lease.

ARTICLE X.

FIXTURES AND EQUIPMENT.

It is further understood by and between the parties that during the continuance of this Lease, the Lessee shall take care of and preserve any and all fixtures and equipment installed on the leased premises and in the pledged condominium unit, and will allow the Lessor to check said fixtures and equipment installed on or said demised premises and pledged condominium unit, and in the event of termination of this Lease by default, the fixtures and equipment shall belong to and be the property of the Lessor. The provisions hereof shall be construed as depriving the Lessee of the privilege of selling or otherwise disposing of any part of said fixtures and equipment, if simultaneously with such sale and disposal, the Lessee replaces such article so sold and disposed of with other articles of similar utility, and of the same quality and value or greater, as the disposed of articles had when new; nor shall this section of the Lease be so construed that the natural depreciation and obsolescence loss through use of said personal property will constitute a default hereunder.

ARTICLE XI.

LESSOR'S INTEREST NOT SUBJECT TO MECHANIC'S LIEN.

It is hereby stipulated and agreed by and between the parties hereto that during the demised term, there shall be no mechanic's lien upon the Lessor's interest in the demised land and in the structures and improvements located thereon arising through the act of the Lessee, or any person claiming under, by or through the Lessee, and that no person other than the mortgagee as provided for herein below shall ever be or become entitled to any lien, directly or indirectly derived through or under the Lessee, or through or under any act or omission of Lessee, superior in rank or dignity to that of this indenture reserved to the Lessor upon the lands hereby demised or upon any improvement now or hereafter situate thereon, or upon any insurance policies of insurance money aforesaid, for or on account of any labor or material furnished for any such improvements, or for or on account of any material or thing whatsoever, and nothing in this indenture contained shall be construed in such a way as to contradict this provision in this indenture. All persons furnishing any such labor or material to the Lessee, or to the premises, at the Lessee's order, or at the order of any person dealing directly or indirectly with the Lessee, as well as all persons whomsoever, shall be bound by this provision and by notice thereof from and after the date of this indenture, and all materialmen, contractors, mechanics and laborers are hereby charged with notice that they must look to the Lessee and Lessee's interest only in the above demised land Lessee's interest in all buildings and improvements thereon located, to secure the payment for any bills for work done, or materials furnished or performed during the term hereby granted.

The Lessee shall have no authority to create any lien for labor or material upon the Lessor's interest in the demised premises, and neither the Lessee, nor any one claiming by, through or under the Lease shall have any right to file and place any labor or material lien of any kind or character whatsoever upon the demised premises, and the building and improvements thereon located so as to encumber or affect the title of the Lessor in said land and the buildings and improvements thereon located, and all persons contracting with the Lessee, for the erection, construction, installation, alteration, or repair of any building, buildings, seawall, groin or other improvements, or for the destruction or removal of any building or buildings upon the demised premises, including furnishings and fixtures and all materialmen, contractors, mechanics and laborers, as heretofore mentioned are hereby charged with notice that as and from the date of this instrument they must look to the Lessee and the Lessor's interest only in and to the demised premises to secure the payment of any bill for work done, or materials furnished, or performed, during the term hereby granted.

The mere filing of a mechanic's or materialman's lien or liens, however, shall not of itself constitute a default hereunder, provided the Lessee, within thirty (30) days after receipt by it of written notice of lien from the lienor or within thirty (30) days after recording of such notice of lien among the Public Records of Martin County, Florida, in the event notice of lien is not served upon the Lessee, shall cause the same to be cancelled, released and extinguished, or the premises released therefrom by the posting of bond, or by any other method prescribed by law, and proper evidence thereof be furnished to the Lessor, and if such lien or liens appear of record, the Lessee shall cause the same to be cancelled, satisfied, and discharged of record, if, however, the Lessee shall dispute the amount or validity of any mechanic's or materialman's lien claimed, or any other claim asserted, the Lessee shall post a bond with the Lessor in the amount of one and one-half times the amount of the lien or claim, and with all due diligence, institute or defend an appropriate action or proceeding in a court or courts of competent jurisdiction upon the cause of action, and shall by injunction, due defense of the suit, or otherwise prevent any sale or impairment of the title of the Lessor, and shall prosecute or defend such action or proceeding with reasonable diligence to a final determination, and if such suit or defense shall be instituted within said period of thirty (30) days after the time when said lien shall have been filed, the, in such a case, the time reasonably required in the litigation of such action shall be added to the above thirty (30) days time; provided, however, that in any event it shall be the duty of the Lessee after contesting such lien, to cause the said lien to be cancelled, released, extinguished, or adjudicated not to exist, or to cause the premises to be released therefrom by the posting of bond or by any other method prescribed by law at least thirty (30) days before the time when the premises or any interest therein, or the Lessee's interest therein, might otherwise be offered for sale by reason of said lien; and promptly upon relieving the premises of such claim, the Lessee shall have the duty of furnishing the evidence thereof unto the Lessor.

ARTICLE XII.

PAYMENT OF INSURANCE PREMIUMS.

It is further understood and agreed that the Lessor shall in no way be or become liable for the payment of any of the premiums required to be paid for any of the policies of insurance required in and by this instrument to be procured by the Lessee nor shall the Lessor in any way be responsible for the collection or non-collection of any of the proceeds from any of the said policies of insurance.

It is further covenanted and agreed that in case, at any time during the continuance of this indenture, the Lessee shall fail, refuse or neglect, after being given ten (10) days notice by the Lessor to procure or pay for any of the policies of insurance required in and by this instrument to be procured and paid by the Lessee or to keep and maintain the same in full force and effect, the Lessor, at its option (and without such act constituting a waiver of the

default by the Lessee (thus occurring) may procure or renew such insurance; and thereupon, the amount or amount of money paid as the premium or premiums thereon, plus interest, at the rate of ten per cent (10%) per annum, shall be collectible as though it were rent then matured hereunder and shall be due and payable in ten (10) days after the date of payment by the Lessor. In absence of Lessee's compliance herewith, Lessor may pursue and avail itself of any of its several remedies reserved unto itself under Article XIX of this lease, or this indenture and the term hereby created may, at the option of the Lessor, be terminated and declared at an end, and all of the rights, estates and interest of the Lessee in such event hereunder shall immediately cease.

ARTICLE XIII.

LAWFUL USE OF PREMISES.

Lessee further covenants and agrees that said premises and all structures and improvements thereon, during the term of this Lease, shall be used only and exclusively for lawful purposes, and that said Lessee will not use or suffer anyone to use said premises or structures thereon for any purpose in violation of the laws of the United States, the State of Florida, or the ordinances and regulations of the municipality in which it lies. Said Lessee covenants and agrees to save said Lessor harmless from every such violation.

ARTICLE XIV.

COMPLIANCE WITH REGULATIONS OF PUBLIC BODIES.

Lessee covenants and agrees that it will, at its own cost, make such improvements on the premises and perform such acts and do such things as shall be lawfully required by any public body having jurisdiction over the property, including, by way of illustration and not in limitation, compliance with fire, sanitary, health and safety regulations and zoning and set-back requirements.

ARTICLE XV.

UTILITY CHARGES.

The Lessee agrees and covenants to pay or cause to be paid all charges for water, gas, electricity, and/or public utilities used on or about the said premises, and to pay or cause to be paid the same monthly or as they shall become due.

ARTICLE XVI.

ASSIGNMENT AND ENCUMBRANCE.

A. Lessor's Right to Assign and Encumber. The Lessor shall have the right to assign and encumber its interest to the Lease and to the demise premises as herein provided.

1. Encumbrance by Lessor. The Lessor shall have the right at all times to mortgage and encumber its interests under this Lease and in and to the leased premises, and the Lessee's interest in and to the same shall at all times be subordinate and inferior to such mortgages, provided the Lessee shall at all times have the right to use, occupy

and enjoy the demised premises in accordance with the provisions of this Lease so long as it shall perform all of its promises and covenants as herein provided. The Lessor does hereby agree that it will for itself (and if required by the mortgagees) and/or as Agent for all of the condominium unit owners of the Condominium, and for each of their spouses and for each owner of any other interest in the property of the Condominium, forthwith subordinate its and/or their respective interests in and to the leased premises and this Lease to any such mortgage or mortgages by an instrument of subordination or by joinder as mortgagor in such mortgage as the mortgagees may require, provided that by such joinder the Lessor and/or the individual unit owners for which it shall have acted as Agent shall not assume the obligations of the mortgagor.

2. Assignment. The Lessor may freely assign in whole or in part all or any of its right, title and interest in and to this Lease and the demised premises.

B. Lessee's Right to Assign and Encumber. Lessee shall have the right to assign Lessee's interest in and to this Lease providing the same shall be made only by an instrument of assignment duly signed by all parties in interest, witnessed, acknowledged, notarized and recorded of public record, and only if the Lease at the time of assignment is in good standing and there is no existing default on the part of the Lessee herein, provided, however, that such Assignee shall consent to and be bound by the several terms of this Lease, the Declaration of Condominium and all exhibits thereto, to the same degree and to the same extent as though such Assignee were the original Lessor hereunder. The Lessor shall not have the right to mortgage or otherwise encumber the right, title and interest in and to this Lease or the demised premises.

ARTICLE XVII.

MAINTENANCE AND REPAIRS.

The Lessee agrees and covenants that it will pay all expenses and charges in, order to keep and maintain, and replace as necessary when worn out or obsolete, all structures, fixtures and improvements which may at any time be situated on said demised premises during the term of this Lease, and all appurtenances thereunto belonging or appertaining, including by way of illustration but not limitation, all landscaping, sidewalks, steps, the interior and exterior of all structures, in good and substantial repair and in a clean and sanitary condition, and will use, keep and maintain such premises and improvements thereon, as well as the sidewalks in front of and around such building, in conformity to and in compliance with all orders, ordinances, rulings and regulations of all Federal, State, County and City governments or regulating bodies having jurisdiction thereof, and the statutes and the laws of the State of Florida, and of the United States and of any lawful authority applicable to and affecting the same, and will protect and indemnify forever, save and keep harmless the Lessor from and against any loss, costs, damages and expenses occasioned by or arising out of any breach or default in the performance and observation of any provision, conditions, covenants and stipulations in this Lease contained or occasioned by or arising out of any accident or injury or damage to any person whomsoever or whatsoever happening, or done, in or about or upon the said premises or due directly or indirectly

to the construction, tenancy, use or occupation of said premises, or upon the sidewalks adjoining the same by the Lessee or any person or persons occupying, holding or claiming by, through or under it.

ARTICLE XVIII.

NON-INSURED DAMAGE.

The parties hereto have agreed that Lessee will carry the maximum amount of insurance for Lessee's and Lessor's protection; however, should any structure or the improvements placed on the herein leased premises be damaged by a cause or causes not covered by or not available through insurance policies, then in such event, the following provisions shall apply:

- (1) If the damage is less than Ten Thousand Dollars (\$10,000.00), Lessee shall immediately and forthwith repair the premises as though the same were a repair occasioned by normal wear and tear, and as covered by the repair and maintenance clause of this Lease.
- (2) Should the damage to the premises exceed Ten Thousand Dollars (\$10,000.00), then in such event, Lessee shall within thirty (30) days of the damage, deposit with Lessor a sum of money in cash sufficient to repair all damages, and thereafter Lessee shall actively begin repairs on the buildings and premises, and such repairs shall be diligently continued until completion of all repairs.

ARTICLE XIX.

LESSEE AGENT FOR CONDOMINIUM UNIT OWNERS:

Lessee covenants and agrees with Lessor as follows:

- (1) That Lessee has been irrevocably appointed the Agent for MONTEREY DEVELOPMENT COMPANY, the present owner of all the condominium units, and will be irrevocably appointed Agent by each unit owner individually on the date of closing of the purchase of the condominium unit in the KING MOUNTAIN CONDOMINIUM from MONTEREY DEVELOPMENT COMPANY. At the time of the execution of this Lease, the real party in interest to this Lease and for whom Agent as Lessee, is acting is MONTEREY DEVELOPMENT COMPANY, however, after the sale of the condominium units by MONTEREY DEVELOPMENT COMPANY to the individual unit owners, the real Parties in interest for whom Agent as Lessee will act, will be each of the five hundred ten (510) condominium unit owners individually and collectively. Each future unit owner, his heirs, successors and assigns, and the Developer, as the present owner of all of the units and condominium property (a) shall be bound by and will comply with the Lease to the same extent and to the same effect as if each had executed the Lease for the purposes herein expressed, including by way of illustration, and not in limitation, the pledging of his condominium unit as security for the performance of this Lease; (b) shall adopt, ratify, confirm, assume and consent to the execution of the Lease by the Association; (c) shall agree that although some or all of the persons who are the Lessee, are also officers or employees of MONTEREY DEVELOPMENT COMPANY, the Developer, and at the same time, directly or indirectly Lessor under said lease, nevertheless the duties and obligations of the officers and Directors of the Association were not breached in the execution of the Lease; and (d) shall agree that the Lease terms and conditions, including the rental are reasonable and acceptable.

- (2) That the Lessee will furnish to Lessor the name of any unit owner who is more than ten (10) days delinquent in payment of any monies due

hereunder by such unit owner. To this end, Lessee agrees at all times to make available to Lessor the books and records of Lessee for Lessor's inspection.

(3) That Lessee will obtain from the first owner of each unit, and each and every unit owner thereafter, and will deliver to Lessor upon receipt of same, an executed copy of "Designation of Agent: Ratification of Lease and Pledge of Condominium Apartment as Security for Lease Performance", as set forth in Attachment "B" of the Declaration of Condominium of KING MOUNTAIN CONDOMINIUM, properly signed by the entity holding title to said condominium unit, witnessed and notarized, the same being given as security for and as a guarantee of payment by the unit owner of all monies, charges, expenses, rents, assessments, taxes, maintenance or other obligations for which such unit owner shall be responsible as his part of this Lease.

(4) That Lessee is acting as Agent for each unit owner and that each unit owner has agreed to be directly liable to Lessor for any default which such unit owner may occasion. Lessee agrees, and all unit owners ratify and confirm that each unit owner shall be responsible for and shall pay his or her portion of the annual ground rental as is set forth for his or her condominium unit in Article III of this lease and that the condominium unit owner shall be liable for his or her portion of all other monies, charges and expenses payable and cost of living increases (as provided for in Article III, supra) under this lease in the same proportion as his or her percentage is in the common element expense of KING MOUNTAIN CONDOMINIUM.

DEFAULT, PART I:

Lessee covenants with Lessor that should a condominium unit owner default in the payment of his or her portion of the rent or fail to pay his or her proportionate part of any monies due under this Lease (as set forth in Exhibit "B"), Lessee will expend every effort to have such unit owner comply with such obligation, but should the unit owner fail to correct said default within fifteen (15) days from the date of the default, Lessor shall enforce its rights hereunder against the defaulting unit owner directly, as though said unit owner were the named Lessee.

Upon default, should Lessor proceed against the condominium unit owner, Lessor shall have the right: (1) to accelerate all rents due by such condominium unit owner during the entire term of the lease, or to accelerate any part thereof, sufficient in Lessor's opinion to provide protection against future default, which shall, upon notice, become immediately due and payable, or (2) Lessor shall be entitled to enforce the pledge of the condominium unit executed at the time of the acquisition of the apartment and enter such unit either with or without process of law and take possession, and either at a private or a public sale, with or without order of Court, sell said apartment to the highest bidder, applying the proceeds of such sale to the debt owed to the Lessor and paying the balance to the Lessee. There shall be no deficiency judgment obtained against the unit owner. In the event that Lessor shall institute collection procedures or foreclosure proceedings against the unit owner's pledged condominium unit, said unit owner shall pay to Lessor all court costs, interest and reasonable attorney's fees incurred or accrued by Lessor.

ARTICLE XX.

DEFAULT, PART TWO:

In the event that there shall be a default under this Lease by Lessee, other than not paying rent, Lessor shall notify Lessee of such default in writing and thereafter Lessee shall have fifteen (15) days within which to start such corrective action as may be necessary to remedy the default. Failure of the Lessee to begin corrective action within fifteen days and to proceed thereafter with dispatch

to complete the same shall automatically authorize Lessor to remedy the default and to charge all costs, charges and expenses, both direct and indirect, including attorney's fees, incurred in correcting the default to Lessee or to each condominium unit owner, should Lessor elect, and if charged to the condominium unit owners, then each condominium unit owner shall be liable to Lessor for such part of the total monies expended in the same proportion that each of their common element percentages bears to the whole (see Exhibit "B"). No condominium unit owner shall be liable for any other condominium unit owner's rent or share of expense. Failure of Lessee to pay the entire charge, or the charge, or if it be such a default that more than one condominium owner is in default but still less than all are in default such shall entitle the Lessor to enforce any rights reserved to Lessor in Article XIX above, "Default: Part One".

ARTICLE XXI,

LESSEE'S DUTY TO INDEMNIFY LESSOR AGAINST LITIGATION.

It is mutually covenanted and agreed by and between the parties hereto that in case the Lessor shall, because of Lessee's default hereunder, bring suit against Lessee or should Lessor be made a party to any litigation commenced by or against the Lessee, then in either event Lessee shall pay all costs and reasonable attorney's fees incurred by or assessed against the said Lessor in bringing such suit to enforce the covenants, agreements, terms and provisions of this Lease or in connection with effecting the collection of any rents hereunder, or in requesting or compelling the Lessee, by service of notice, to comply with the terms, covenants, agreements and provisions of this Lease or as may be incurred by Lessor in defending against a suit brought by Lessee or such other person where there has been no default hereunder by Lessor. All such costs and reasonable attorney's fees, if paid by the Lessor, and the rent reserved in this Lease, and all taxes and assessments and the payment of all money provided in this Lease, to be made by the Lessee, shall be and they hereby are declared to be a first lien upon Lessee's condominium apartment as aforesaid and upon all structures and improvements placed upon said demised premises and upon the leasehold interest hereby created, and upon the rent of all buildings and improvements situated upon such premises at any time during said term, subject to the provisions of this Lease respecting the existence or creation of liens which are or will be prior to the lien for rent. In the event that legal proceedings should be instituted against Lessee for alleged default in any of the covenants, agreements, terms and provisions of this Lease, or in connection with effecting collection of any rents hereunder, or in requesting or compelling the Lessee, by service of notice, to comply with the terms, covenants, agreements and provisions of this Lease, and should said litigation terminate in favor of the Lessee or should litigation be involuntarily dismissed by the Lessor, then in such event the Lessor agrees to pay to Lessee's attorney a reasonable attorney's fee for services rendered for the Lessee in such proceeding or proceedings.

ARTICLE XXII,

INDEMNIFICATION AGAINST CLAIMS.

Lessee shall indemnify and save harmless the said Lessor from and against any and all claims, suits, actions, damages and/or causes of action arising during the term of this Lease, for any personal injury, loss of life and/or damage to property sustained in or about the demised premises or the buildings and improvements thereon, or the appurtenances thereto or

upon the adjacent sidewalks or streets and from and against all costs, counsel fees, expenses and liabilities incurred in and about any claim, the reasonable investigation thereof relative to any lawsuit or the defense of any action or proceedings brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein.

ARTICLE XXIII.

CONDEMNATION CLAUSE.

It is agreed that if at any time during the term of this Lease any other part of the demised real estate, or the improvements or structures thereon located, or any portion thereof, be taken or appropriated, or condemned by reason of eminent domain, that there shall be such division of the proceeds and awards in such condemnation proceedings, and such abatement of rent and other adjustments made as shall be just and equitable under the circumstances. If the Lessor and the Lessee are unable to agree upon what division, total abatement of rent and other adjustments are just and equitable within thirty (30) days after such award has been made, then the matters in dispute shall, by appropriate proceedings, be submitted to a court then having jurisdiction of the subject matter in Martin County, Florida, for its decision and the determination of the matters in dispute.

As security for restoring and repairing the premises and improvements, the monies awarded to the Lessee in condemnation shall be deposited and thereafter disbursed in the same manner as has been heretofore provided in Article VII with reference to the receipt and disbursement of benefits accruing from the proceeds of fire or windstorm insurance policies; and after the work of repair and restoration is fully completed, free and clear of all liens and encumbrances, the balance, if any, of the said sum remaining shall be paid to the Lessee according to Lessee's interest herein by the Insurance Trustee. If the condemnation results in no physical damage to the building then on the demised premises, then any award to Lessee for Lessee's percentage interest taken shall be paid directly to the Lessee. If the leased premises shall be wholly taken by the exercise of the power of eminent domain, then this Lease shall immediately terminate, but in the event only a portion of the premises is taken, the rent to be paid thereafter shall be revised as set forth hereinabove.

ARTICLE XXIV.

LEASE NOT AFFECTED BY DAMAGE TO PROPERTY.

No destruction or damage to the land or any building or improvements by fire, hurricane, windstorm, erosion, insurrection, riot, war or other casualty or calamity of any kind, character or nature shall be deemed to entitle the Lessee to surrender possession of the demised premises or to terminate this Lease, or to violate any of its provisions, or to cause any rebate or abatement in rent then due, or thereafter becoming due under the terms thereof.

ARTICLE XXV.

DELIVERY OF PREMISES TO LESSOR IN EVENT OF DEFAULT.

As an additional and extraordinary remedy available to Lessor, Lessee covenants and agrees that should a real party-in-interest Lessee default under any of the several terms of this Lease, and Lessor is of the opinion that the remedies available under Articles XIX and XX, Default, Part One and Default, Part Two, respectively, are inadequate or insufficient to provide adequate protection to Lessor, Lessor may elect to terminate this lease as to such defaulting Lessee -

Owner" (real party-in-interest Lessee) and the "Lessee-Owner" will at once peaceably and quietly deliver and surrender to Lessor all of the demised premises together with such Lessee's pledged apartment and all interest in the condominium including all structures and improvements situated thereon, and all of the fixtures and equipment thereunto belonging in as good state and condition as reasonable use and wear thereof will have permitted, and that all structures, improvements, fixtures and equipment then situate in or upon such premises and belonging to the Lessee shall belong to the Lessor, and that no compensation shall be allowed or paid to the Lessee (real party-in-interest Lessee) therefor.

ARTICLE XXVI.

LIABILITY OF CONDOMINIUM UNIT OWNERS.

Lessee and Lessor acknowledge that each condominium unit owner shall be liable to the Lessor for only his common element expense percentage of all costs, expenses, charges, damages, claims or other monies owed, due or arising in favor of Lessor under this Lease where all condominium unit owners must act in concert with each other for full performance. There are five hundred ten (510) condominium units, the present owners of which, and all future owners, shall covenant and agree with the Lessee, acting as Agent, and with each other, that each and all will comply with the several terms and conditions of this Lease: that each and all will pay the charges on their part to be paid; and that each and all will cooperate with the others and act in concert to fulfill all the terms and conditions hereof. Lessor agrees with Lessee that Lessor shall not look to the condominium unit owners as being jointly liable where money obligations are involved, but shall look simply to each such unit owner for the performance of their monetary obligations hereunder, and a breach of this Lease by one unit owner shall not cause the entire Lease to be in default or the other unit owners to be in default, but such monetary default shall relate only to the particular unit owner in default. Action for such default shall be taken against such defaulting unit owner only. See Article XX "Default, Part Two", for non-monetary defaults and Article XXV for extraordinary defaults.

ARTICLE XXVII.

NET LEASE.

It is understood by and between Lessor and Lessee that the intent and purpose of this Lease is to provide Lessor a net lease, rental diminished by not a single expense, liability, claim, demand or encumbrance as a result of the ownership of the herein leased property. To this end and for this purpose, Lessee and Lessor have entered into this Lease.

ARTICLE XXVIII.

LESSOR'S RIGHT OF ENTRY.

The Lessor and the Lessor's agents shall have the right to enter the leased and pledged premises at all reasonable times to examine the condition and use thereof, provided only, that such rights shall be exercised in such manner so as not to interfere with the use of said premises; and if the same premises are damaged by fire, windstorm, or by any other casualty which causes the premises to be exposed to the elements, then the Lessor may enter upon the premises to make emergency repairs, but if the Lessor exercised Lessor's option to make emergency repairs, such act or acts shall not be deemed to excuse the Lessee from Lessee's obligation to keep the premises in repair, and the Lessee shall, upon demand of the Lessor, reimburse the Lessor for the cost and expense of such emergency repairs.

ARTICLE XXIX.

PLEDGE OF CONDOMINIUM UNIT: LESSOR SUBORDINATION.

Lessor covenants, for itself and no Agent for and in behalf of MONTEREY DEVELOPMENT COMPANY, the present owner of all condominium units in KING MOUNTAIN CONDOMINIUM, that each purchaser of a condominium unit from MONTEREY DEVELOPMENT COMPANY and all subsequent purchasers of condominium units shall, as a condition precedent to such purchase, designate Lessor as its Agent hereunder, ratify, assume, confirm and approve this Lease agree to be bound by and comply with the several terms and conditions thereof, and execute and deliver a pledge of the purchased condominium unit to Lessor as security for the performance of the several terms and conditions of this Lease.

Lessor agrees that should Lessee (real property-in-interest Lessee) at the time of the original purchase from the Developer desire to place an institutional mortgage on his or her condominium unit, Lessor agrees and does hereby subordinate and make inferior all Lessor's rights in and to such real party-in-interest Lessee's Apartment Pledge to the operation and effect of such institutional mortgage, providing such mortgage does not exceed eighty per cent (80%) of the appraised value of the condominium unit as determined by the lending institution at the time of the making of the mortgage. Likewise, if the institutional mortgagee who finances the condominium unit at the time of its purchase from the Developer acquires title thereto by reason of foreclosure or by deed in lieu of foreclosure as a result of a default in such mortgage, Lessor will subordinate said apartment pledge to the operation and effect of any new mortgage, within the limitations as to the amount as is set forth in this Article, necessary to be placed thereon in order to resell such foreclosed condominium unit. Any purchaser from such institutional lender shall acquire such unit subject to the obligations and restrictions of this Article and this Lease, and shall pledge his condominium unit to secure the performance of the terms hereof, all in accordance with the Declaration of Condominium creating KING MOUNTAIN CONDOMINIUM, and its exhibits. Notwithstanding anything herein to the contrary, Lessor agrees that should the said institutional lender who finances the condominium unit when purchased from the Developer acquire title to the condominium unit upon which it previously held a mortgage, said acquisition being either by foreclosure or by deed in lieu of foreclosure, so long as said apartment unit shall remain unsold, unoccupied or unrented by said lending institution, all rents due hereunder on said apartment unit shall be waived.

Should a Lessee (real-party-in-interest) desire to obtain a mortgage on Lessee's condominium unit at any time following the original purchase from the Developer, the Lessor agrees to subordinate and make inferior all Lessor's rights in and to such Lessee's Apartment Pledge to the operation and effect of an institutional mortgage (institutional mortgage as used in this article meaning a Federal Savings and Loan Association, a National or State chartered Banking Institution, or a National Insurance Company of the highest rating authorized to do business in the State of Florida), providing such mortgage does not exceed seventy per cent (70%) of the appraised value of the unit as determined by the institutional mortgagee at the time of the making of the loan. A certificate of appraisal by the lending institution, together with a statement of the loan to be made, shall be furnished Lessor, after which Lessor shall deliver a subordination statement to the institutional lender.

ARTICLE XXX.

LESSOR'S RESERVATIONS.

Lessor reserves unto itself or its assigns the absolute right at any time to make available all facilities which may from time to time be located on the demised premises to a maximum of three hundred (300) additional persons, providing such persons derive their rights through Lessor or its assigns and providing further that such persons live in a condominium lying within one (1) mile of any part of the subject property. Such additional persons

shall each pay to Lessor for the use of Lessor's facilities a sum of money which will not exceed one and one-half the amount which any individual Lessee shall pay for identical services. Lessor shall have the right to impose reasonable rules, regulations and restrictions on the use of its facilities by the additional persons so long as such rules are not discriminatory and prohibitory to the degree that the availability of the facilities is without value and meaning. Reasonable rules, regulations and restrictions generally favoring the Lessee are valid.

ARTICLE XXXI.

NOTICES.

Notices as shall be required from time to time under the several terms and conditions of this Lease shall be sent to the Lessor at the following address, unless otherwise notified in writing:

1040 Bayview Drive, Fort Lauderdale, Florida 33304

and to the Lessee at the following address, unless notified otherwise in writing:

1900 Palm City Road, Stuart, Florida.

The notices shall be in writing and shall be delivered to the other party either in person or by registered mail addressed to the above addresses, return receipt requested.

ARTICLE XXXII.

COVENANTS TO BIND SUCCESSORS, HEIRS AND ASSIGNS.

This Lease shall be binding upon the Lessor, the Association as Lessee, the real-party-in-interest Lessees, as individual owners, and their heirs, successors and assigns.

ARTICLE XXXIII

DEFINITIONS: WORD USAGES:

It is understood and agreed by and between the parties that the use herein of the plural shall include the singular, and the use of the singular shall include the plural; the use of the masculine gender shall include all genders, and the use of the neuter gender shall include all genders; the use of the words "Lessor" and "Lessee" shall include their spouses, if any, their heirs, representatives, successors, grantees and assigns.

The terms "real party-in-interest Lessee", "individual Lessee", "Purchasing Lessee" or words of similar context shall refer to the individual unit owner or the individual apartment owner who is the "real party-in-interest" in the Ground Lease Underlying Recreation Area, KING MOUNTAIN CONDOMINIUM ASSOCIATION, INC. as Lessee is only acting as the Agent for said unit owner and as a convenient method of entering this Lease.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed on the day and year first above written.

Witnesses:

LESSOR:

William Gundlach, Trustee (SEAL)

Juanita M. Gundlach (SEAL)

As to Both

Witnesses:

LESSEE:

KING MOUNTAIN CONDOMINIUM
ASSOCIATION, INC., Agent

As to Both

By _____
President

Attest: _____
Secretary

STATE OF FLORIDA)
COUNTY OF BROWARD) ss

I HEREBY CERTIFY that on this day, before me, an officer duly
authorized in the State and County aforesaid to take acknowledgments, per-
sonally appeared WILLIAM GUNDLACH, TRUSTEE, joined by his wife,
JUANITA M. GUNDLACH, to me known to be the persons described in and
who executed the foregoing instrument, and they acknowledged to and before
me that they executed the same for the purposes therein set forth.

WITNESS my hand and official seal at Fort Lauderdale, Broward
County, Florida, this _____ day of _____ 197 _____

My commission expires:

Notary Public

STATE OF FLORIDA) ss
COUNTY OF _____)

I HEREBY CERTIFY that on this day, before me, an officer duly
authorized to take acknowledgments, personally appeared _____
and _____ President and Secretary respectively of
the KING MOUNTAIN CONDOMINIUM ASSOCIATION, INC. (Agent), to me
known to be the persons described in and who executed the foregoing instrument,
and they acknowledged before me that they executed the same as President and
Secretary of said corporation, and that the seal affixed thereto is the true
corporate seal of said corporation.

WITNESS my hand and official seal in the State and County aforesaid
this _____ day of _____ 197 _____

My commission expires:

Notary Public

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