

THE VERO BEACH HOTEL & CLUB RENTAL AGREEMENT

WHAT THIS AGREEMENT MEANS TO YOU – A GENERAL INTRODUCTION

The Management and Staff of Vero Beach Hotel & Club are proud to have earned your confidence in participating in our rental program. It is our purpose to manage and market your property according to the highest professional standards. To that end it is our commitment to:

- 1) Advertise in order to attract customers who will rent your property.
- 2) Direct sales promotions to meeting planners, travel operators, airlines, wholesalers, brokers and many more.
- 3) Maintain the various support services necessary to care for your property, including housekeeping and maintenance.
- 4) Administer and coordinate the renting and caring for your property by maintaining a computerized reservation system, complete front office services, accounting services, electronic PBX telephone and message services and all related support personnel necessary to market and manage your property.

In return for our services we require participants in the rental program to:

- 1) Compensate us for our efforts.
- 2) Meet minimum standards which assure that your property is properly equipped, decorated, and maintained for the customers who rent your property.
- 3) Help us rent your property by cooperating with the terms and conditions of this contract. It is important that you understand the details of our relationship and the importance of our operating the rental program in a professional manner.

OUR LEGAL RELATIONSHIP

The following Agreement clearly details the legal relationship we enter into when you decide to rent your property through Vero Beach Hotel & Club's Rental Program. Because this is a legal agreement, we encourage you to read it carefully and to refer any questions you might have to your attorney. If we can answer any specific questions about how we apply the terms of the Agreement in our normal operations, we will be delighted to answer them.

PARTIES TO THIS AGREEMENT

OWNER: _____

CONDOMINIUM UNIT NUMBER: _____

OWNER'S MAILING ADDRESS: _____

OWNER'S TELEPHONE: Business () Home () _____

OWNER'S E-MAIL ADDRESS: _____

Last Revised: 4-7-09 (v.1)

HOTEL OPERATOR: **Vero Hotel Management, LLC**
3500 Ocean Drive, Vero Beach, Florida, 32963

THE AGREEMENT

This Agreement is entered into this ___ day of _____ 2009, by and between Vero Hotel Management, LLC (the "Operator") and _____ (the "Owner"), for a period of five (5) years commencing on the opening date The Vero Beach Hotel & Club (the "Commencement Date"), according to the following Terms and Conditions:

VERO HOTEL MANAGEMENT, LLC IS THE EXCLUSIVE OPERATOR

SECTION 1

Purpose

By signing this contract you exclusively contract with the Operator for the purpose of renting and managing the property described above. In this Agreement, your property will sometimes be referred to as the "Unit."

SECTION 2

We Agree To Be Your Operator

Operator (or "we" or "us") contracts with the Owner (or "you") for the purposes of renting and providing day to day management for the Unit. Neither you nor any party other than us shall rent the Unit to third parties. It is understood that the Operator shall have the right to subcontract the services described in this Agreement. We agree that we will contract with an experienced hotel management company with a quality reputation such as Kimpton. As well, the hotel may be associated with a group such as Leading Hotels of the World or Preferred Hotels. We will make the ultimate choices of a manager, association and any replacements of either.

SECTION 3

When Our Agreement Takes Effect and How You or We Can Cancel It

This Agreement shall start on the Commencement Date indicated above and shall continue for a period of five (5) years.

If the Operator has violated the terms of this Agreement, you must provide written notice by certified mail to us of such violation and allow us 30 days to remedy such situation. If we have not remedied this violation, you may cancel this Agreement by written notice to us effective 60 days from the date such notice is given. After receipt of the notice we will not make any reservations for dates beyond those 60 days.

If you have violated the terms of this Agreement, we must provide you with this same written notice by certified mail and allow you 30 days to remedy the situation. We may then cancel this Agreement, as of a date specified by us if you have not resolved the violation.

We also reserve the right to cancel this Agreement, by written notice to you, at any time at which at least eighty percent (80%) of the Units in the Vero Beach Hotel and Club are not enrolled in our rental program.

If either you or we cancel this Agreement under the terms of this section, all payments due to you or us will be made as provided in this Agreement and in any event within a reasonable time after the final day of usage of

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Initials: _____ Owner(s) _____ Operator

your Unit by guests booked by us.

SECTION 4
What You Receive Under Rental Agreement

The Operator agrees to pay you fifty percent (50%) of the Net Rental Income we receive from your Unit, subject to the other provisions of this Agreement. The Net Rental Income is defined as the gross rental income minus credit card fees, sales and marketing costs and reservation fees. You and we agree that the credit card fees equal three percent (3%) of gross rental income and that sales and marketing and reservation fees equal eleven percent (11%) of gross rental income. We will pay you this amount by the 20th day of each month for the previous month. All revenues collected will be compiled on an individual Unit basis (i.e., will not be pooled with rental revenues from other units) and paid accordingly.

SECTION 5
Rental Agreement Renewal

This Agreement shall be automatically renewed for successive five (5) year periods, unless terminated at least one hundred eighty (180) days prior to the rental agreement renewal date by written notice given by you or us.

SECTION 6
We Can Accept Reservations Up to One Year in Advance

You authorize us to accept reservations for your Unit up to one year in advance.

SECTION 7
The Operator Sets Rental Rates

We shall determine rates for the rental of your Unit. We reserve the right to modify the rental rate schedule from time to time. We will work to keep a balance between the highest possible rental rate and the highest possible occupancy. We reserved the right to provide your Unit to travel agents, tour operators and others, without charge, in order to promote future rentals. We will not do so, however, more than seven (7) days per year.

SECTION 8
Access to Your Unit

The Operator will maintain a reservation system through which all reservations for the Unit will be processed. You will not enter, or permit any other person to enter the Unit, whether family members, repairmen, or guests, without prior notification to, and approval by The Operator. This is very important. Your Unit may be rented. The privacy of your customers must be protected.

SECTION 9
When You Can Use Your Unit

You, or your designated guests, shall have the right to use your Unit for a total of 45 days per year during the term of this Agreement – with the exception that only you (and not a guest other than one staying with you) may use the Unit during the holiday season from December 23rd to January 3rd - in all cases for a service charge, of \$35.00 per day, plus tax, as hotel services will be provided, including regular maid and linen services. The daily service charge shall be subject to increase annually. Each day that you use your Unit in the non-peak season counts as one day against this total. Each day that you use your Unit in the peak season counts as 2 days against this total. The peak season is Thanksgiving through April

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Initials: _____ Owner(s) _____ Operator

30. To assist you in making timely reservations and to minimize reservation conflicts, we will contact you at least once per year to find out what dates you would like to occupy your Unit. In any event, we request at least thirty (30) days prior booking of the use of the Unit by you or your guests. Although we will use our reasonable efforts to accommodate you with this or any shorter notice, we cannot guarantee that we will be able to do so since our goal is to rent your Unit as frequently as possible. If your Unit has been previously committed by us for rental during the period you have selected, then you will select an alternate period of use.

In this Agreement, the word "guest" means a person staying in the Unit with you, or with your permission and advance notice to us without charge (although you may have the guest pay the service charge and tax). If you receive any other compensation from a person staying in the Unit which is not shared room rental revenue per this Agreement, then we (i) will be entitled to recover 100% of such compensation and/or (ii) may declare a default per Section 3.

SECTION 10 Owner Registration

You and your guests are required by Florida Statutes to register at our Front Office before entering the Unit. Please abide by the standard check-in and check-out times. Failure to check-out on time may result in a late departure fee. All keys (except for private locker storage) must be returned to the registration desk on check-out. Your reservation for a given arrival date will be held until midnight on that day. If you do not arrive and do not contact us, we will assume you are not coming and cancel your reservation. This is in keeping with our guest "no-show" policy. You will be charged one day (two days in peak season) of personal usage for each day of your reservation period that the Unit is not rented.

SECTION 11 Personal Belongings

You agree to properly secure any personal items and mementos in a locked area or container approved by us when you are not using your Unit. Such items will not be permitted in or around the Unit when not being used by the Owner.

SECTION 12 Pets and Smoking

Pets will be permitted in the Unit, but subject to (1) rules, procedures and requirements (e.g., a pet deposit) we establish from time to time and (2) the Declaration of Condominium (currently limiting pets to no more than two, dogs or cats only, and a maximum weight of 50 pounds). Smoking is prohibited in the Unit.

You and your guests are also subject to such other restrictions as are set forth in the Reciprocal Easement and Cost Sharing Agreement between the Hotel and condominium association, the Declaration of Condominium and the Rules and Regulations for your condominium association.

SECTION 13 Telephone Service

You agree to provide one or more telephones in your Unit, with service connected to the Central Switchboard. You agree to bear the cost of the initial connection of your telephone(s) to the Central Switchboard. We shall provide 24-hour telephone service to your Unit, and will automatically post all long distance charges to the guests who rent your Unit. We release you from any responsibility for long distance charges incurred by your renters. You agree to pay us for any long distance calls made while

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the Unit is occupied by you and your guests. You do not have to pay for any local telephone charges or toll free numbers. If you have a private telephone in your Unit, you agree to store the private phone set except when you are using the Unit. We will not be responsible for any calls made on non-switchboard connected lines.

SECTION 14
Standard Furnishings and Housewares Package

To assist in providing a uniform standard accommodation which will provide maximum flexibility for marketing and which will help achieve optimum rental income, you agree to provide the Standard Furnishings Package for your Unit as determined by us, consistent with the current furnishings package. We will be responsible for replacing housewares up to a maximum of \$300.00 per year. You will be responsible, at your expense, for the replacement of these items above this \$300.00 amount and the cost of these items will be deducted from your monthly payment.

SECTION 15
**Furniture, Fixtures, and Equipment: Emergency
Repairs and Replacements**

Owner realizes that certain expenses are incurred in the upkeep of a rental property. Owner, at Owner's expense, will maintain Owner's Unit and its contents in good order and repair. Owner will be responsible for repair to furniture, appliances, and mechanical equipment.

Operator will perform routine maintenance on Owner's Unit and Owner shall be responsible for minor repairs as Operator determines necessary. Operator will make or contract to have done, at Owner's expense, repairs to Owner's Unit for which Owners is responsible, which do not exceed \$300.00. Operator is granted authority to make such determinations when repairs or replacements are necessary and Operator will advise Owner of such repairs and cooperate with Owner in minimizing their costs. Operator will deduct the cost of such items from Owner's monthly payment.

If there are any repairs that are Owner's responsibility and that are estimated to cost more than \$300.00, Operator will advise Owner in advance to the extent possible. If Owner fails to make an objection within the ten (10) days after Operator's notice the proposed repairs will be deemed approved. Under emergency conditions, as reasonably determined by us, arrangements will be made for repairs to be performed without notice to Owner if Owner cannot be immediately reached. These costs will be deducted from Owner's monthly payments.

SECTION 16
Refurbishment of Unit

You shall be responsible, at your expense, for periodic refurbishment of your Unit, including, but not limited to, painting, carpet replacement and furniture replacement when that is necessary to maintain your Unit in satisfactory rental condition. We reserve the right to cancel this Agreement for any Unit which does not meet its rental standards with regard to the refurbishment schedule. The costs for these replacements shall be paid by the Owner within 30 days of invoicing by us. If not paid by the Owner, we will deduct such costs from the monthly revenue of the Owner.

SECTION 17
Inspections and Inventories

We may make at least an annual inspection of all major furnishings in your Unit and will inspect the general condition of the Unit at no cost to you. On the basis of the inventories, all units managed by us will be rated in one of two categories: "Acceptable" or "Unacceptable". Owners must maintain the highest possible maintenance condition and appearance of rental units, utilizing furnishings in the current Standard Furnishings Package.

In the case of an "Unacceptable" Unit, you will be given 45 days to bring the Unit up to standard. In the event that the Unit is not considered suitable for rental, we reserve the right to suspend rental of your Unit until the condition has been corrected and the Unit qualified as "Acceptable". You will be provided with a copy of the inspection and with a statement from us as to the reason for the "Unacceptable" rating. You agree to make no claims against us for classifying your Unit as "Unacceptable".

SECTION 18
Annual Deep Cleaning

We will undertake an annual general interior housecleaning of your Unit to a maximum of \$300 per cleaning (subject to annual increase). Such housecleaning shall include maintenance and housekeeping services, carpet cleaning and floor waxing, upholstery and dry cleaning performed as is necessary to maintain the Unit in rental condition. We will deduct the cost thereof from your net rental income for the month the Unit was cleaned.

SECTION 19
Who Pays For What?

The Operator will pay for the following:

1. Housekeeping Services, including the cleaning of linens, towels, etc.
2. Toilet and facial tissues, soaps, and other items provided the renters as part of our rental operations
3. Credit Card, Sales, Marketing and Reservation Fees (in excess of 3% of Gross Rental Revenue as to Credit Card fees and 11% as to the others – See Section 4)
4. Sales Tax remittance as Operator for Owners
5. Switchboard Personnel
6. Reservation and Front Office Services
7. On Property Sales Staff
8. Accounting Services
9. Computer Services
10. Collection Service Fees
11. A national toll free reservations system
12. National and International Sales Offices

You are responsible for the following expenditures, which will be deducted from your monthly disbursement check to the extent possible:

1. Any per day charges when you or your guests use your Unit not paid at checkout (Section 9)
2. Any long distance telephone charges incurred when you or your guests use your Unit not paid at checkout (Section 13)
3. Any maintenance, repair and refurbishment items as provided for in the Agreement (Sections 14, 15, 16, 17 and 18.)
4. Credit Card and Sales, Marketing and Reservation Fees as described in Section 4, except as stated above.
5. All assessments and other monies due on the Unit to the condominium association.

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SECTION 20
Mortgage and Tax Payments

You must pay for any mortgage or other loan payments due on your Unit.

SECTION 21
Condominium Assessments, Taxes and Utilities

You are responsible for all condominium assessments (which we will pay per Section 19) and any services or utilities. You must also pay directly for all ad valorem and personal property taxes levied upon or assessed against your Unit.

SECTION 22
Insurance

You will provide, at your cost, and maintain in effect throughout the term of this Agreement both property damage liability insurance and bodily injury liability insurance. The liability insurance shall be in the minimum amount of \$300,000.00 for each occurrence. You will furnish us with a certificate indicating such insurance to be in effect before your Unit will be considered available for use under the Agreement. We must also receive thirty (30) days written notice from each and every insurance company before an insurance policy is cancelled or amended for any reason, including but not limited to failure by Owner to pay any premium or to renew any insurance policy provided per this Agreement. You also expressly understand that you are solely responsible for acquiring insurance covering Owner's contents within the Unit.

Further, Owner releases Operator from any and all claims for damage to the unit as a result of use of the unit under this Agreement, to include, without limitation, theft, disappearance, or damage of the Unit, except for damages as a result of Operator's gross negligence or intentional wrongdoing.

All policies shall be issued by financially sound and reputable insurers acceptable by the Operator. Owner shall notify the Operator immediately of an incident which might give rise to a liability claim.

The Operator is responsible for providing liability insurance in conjunction with its rental management of your Unit in addition to that provided by the owner. This liability insurance shall be in the minimum amount of \$1,000,000 for each occurrence. We will notify you of any incident which might give rise to a liability claim, but we will not be liable for any damage to or destruction of Owner's property except as specifically provided in this Agreement.

SECTION 23
We Are Responsible For Collecting Rent

We are authorized to collect, demand, sue for, any and all rent and any other charges which may at any time be or become due during the term of this Agreement. We may take any legal action required to collect said sums, with the net amount collected (after unreimbursed legal fees and costs) to be deemed rental revenue.

SECTION 24
Accounting and Payments

We shall maintain, operate and bear the cost of any accounting office, billing all charges to renters of your Unit and processing periodic disbursements of your account. No interest shall be payable on funds held for disbursement to Owner. We will deduct all expenses of the Owner as outlined in this Agreement. A monthly

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Initials: _____ Owner(s) _____ Operator

statement of your Unit's use and rental rates will accompany disbursement of the net amounts due you.

**SECTION 25
Major Storms**

The Operator will, to the extent possible and at your expense, prepare your Unit for an oncoming major storm. This includes bringing porch furniture inside and ensuring that windows and doors are secured. A post storm inspection of your Unit will be made and necessary repairs will be arranged at your expense. We will not be liable for any damage from storms or natural conditions or be liable for failure to perform this service due to insufficient warning, time or manpower.

**SECTION 26
The Condominium Association**

This Agreement shall not be construed to alter or amend any provisions of the Declaration of Condominium or related documents to which Unit is subject.

During the term of this Agreement, Owner shall not vote to amend or otherwise alter the condominium documents of the Condominium Association or support any action by the Condominium Association Board of Directors on behalf of its members that would prevent or restrict the use of your Unit as a resort rental accommodation unit.

If the condominium documents are amended or actions taken that in any way prevent or restrict the use of your Unit as a resort rental accommodation unit (whether Owner votes for such an amendment or action), The Operator, at its option, may thereafter, at any time, cancel this Agreement. The Owner shall, upon request, grant the Operator a proxy to vote on behalf of Owner in any and all condominium association matters.

**SECTION 27
We Make No Claims As To Tax Advantages**

We assume no responsibility, to or for you, for compliance with revenue statutes or governing restrictions that may exist with respect to use of the rental Unit by you. You are referred to competent legal or accounting consultants for clarification of these matters. We cannot advise you as to how your property and the income you receive from your property will affect your taxable income.

**SECTION 28
Investment Disclosure**

You acknowledge that we have made no guarantee regarding rental income or expenses and that no inducements or representations have been made to you concerning rentals or tax benefits to be derived by you through ownership or rental of your Unit. It is understood that this Agreement does not constitute a joint venture, partnership or pooling of rent and that all services identified herein are provided for you on an individual basis.

**SECTION 29
Inducement to Operator**

You agree that you have been advised prior to the execution of this Agreement that you have no obligation to enter into this Agreement. You also understand that by entering into this Agreement you restrict the personal use of your Unit.

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Initials: _____ Owner(s) _____ Operator

SECTION 30
Indemnification

Except for matters resulting from the gross negligence or intentional wrongdoing of the Operator, and its and their employees or agents, you agree to indemnify and hold them harmless from and against all claims, suits, damages, costs, losses, and expenses arising from any injury to any person (except employee worker compensation claims) or property occurring on or about the Unit relating to the performance of this Agreement. You acknowledge that loss from theft, vandalism, acts of God or the elements, etc. shall be borne by you.

The Operator agrees to indemnify you, and hold you harmless from and against all claims, suits, damages, costs, losses, and expenses (including attorney's fees) arising out of its ("Operator's") performance of this Agreement, if occasioned by the negligent, tortuous, criminal, or discriminatory action or omission by Operator, its partners, officers, directors, employees, or agents.

Neither party in this Agreement shall be in default for failure to perform any of its obligations pursuant to this Agreement if and to the extent that it can establish that such failure was occasioned by any circumstances which were beyond its control and which by the exercise of due diligence and foresight it could have not prevented or overcome.

SECTION 31
Damage to Leased Property

Should your Unit be destroyed or damaged by fire or other casualty during the term of this Agreement, whereby it shall be rendered untenable, you shall have ninety (90) days to render your Unit tenable by repairs. If your Unit is not rendered tenable within this time, the Operator may, by giving written notice, cancel this Agreement, and in such event, rent only to the day of such damage, fire or casualty.

SECTION 32
Storage Closet

The Unit has a storage closet, which should be used by Owner to store personal items, which should be kept locked by Owner. The parties agree Operator has no liability for Owner's personal items, whether or not stored in the locker.

SECTION 33
Florida Statutes Governing Rental

This Agreement and the consequent rental of the Unit may subject Owner and Operator to the regulations of Chapter 509, Florida Statutes, governing hotels and restaurants. As these and other governmental regulations may be applicable to rentals pursuant to this Agreement, Owner and Operator agree to comply with and abide by such laws as may be applicable. Owner hereby designates Operator as the operator of Owner's Unit as contemplated by Chapter 509, Florida Statutes. Operator will endeavor, but shall not be obligated, to advise Owner with respect to existing and new laws, and necessary measures to comply with same.

SECTION 34
Additional Covenants

Owner hereby acknowledges that this Agreement was not offered in conjunction with Owner's purchase of the Unit. Owner further acknowledges that this means of renting Owner's Unit is not restricted by the Declaration of Condominium and that Owner is otherwise free to rent the Unit through Owner's own efforts, to list it for rental with a real estate broker, or to pursue any other means of renting the Unit.

SECTION 35
Force Majeure

In the event that Operator shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of storms, natural disasters, labor trouble, failure of power, restrictive governmental laws or regulations of other reason of a like nature not the fault of the Operator, then performance of such act shall be excused for the period of the delay.

SECTION 36
Attorneys' Fees and Venue

If any action at law or in equity shall be brought to recover any rent/money under this Agreement, or to enforce or interpret any of the provisions of this Agreement the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorney's fees, the amount of which shall be fixed by the Court and shall be made a part of any judgment or decree rendered. Both parties further agree that venue for any such action shall only be Indian River County, Florida.

SECTIONS 37
Successors and Assigns

The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

SECTION 38
Complete Agreement; Notices

This Agreement, including all schedules and addenda referred to or attached to this Agreement, contains all the terms and conditions agreed to between us and supersede any prior agreements with respect to the subject matter covered in this Agreement. Any attached schedules and addenda, whether referred to or not, are specifically incorporated and made a part of this Agreement. No modification of our Agreement shall be effective unless it is made in writing and signed by both of us. All notices, excluding normal rental reservations, required or permitted by this Agreement shall be in writing and shall be sent by mail, or personally delivered, addressed to Owner or Operator, respectively.

SECTION 39
Governing Law

This Agreement shall be construed in accordance with the Laws of the State of Florida.

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Initials: _____ Owner(s) _____ Operator

SECTION 40
Independent Contractor

Owner acknowledges and agrees that the Operator is an independent contractor and has not, by virtue of this Agreement or otherwise, undertaken an agency or other fiduciary relationship with Owner.

SECTION 41
Notices

Notices required hereunder shall be personally served or mailed (U.S. first class mail, postage prepaid) to the parties at the addresses shown in this cover sheet to this Agreement (or another address provided to the sending party, in writing).

IN ACKNOWLEDGMENT WHEREOF the Parties have signed this ____ day of _____, 20____.

Vero Hotel Management, LLC

BY: _____

Print Name: _____

Title: _____

OWNER(S):

BY: _____

Print Name: _____

FEDERAL ID OR SOCIAL SECURITY NUMBER: _____

BY: _____

Print Name: _____

FEDERAL ID OR SOCIAL SECURITY NUMBER: _____

BY: _____

Print Name: _____

FEDERAL ID OR SOCIAL SECURITY NUMBER: _____

BY: _____

Print Name: _____

FEDERAL ID OR SOCIAL SECURITY NUMBER: _____

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