

LEASE AGREEMENT

THIS LEASE made and entered into this ____ day of _____, 20__, by _____ and _____ between _____ (hereinafter called "Lessor"), and American Resort Management / Big Elk Resort LLC hereinafter called "Lessee").

W I T N E S E T H:

Lessor and Lessee, for and in consideration of the mutual covenants herein contained, have covenanted and agreed, each with the other, as follows:

ARTICLE I
DEMISED PREMISES

Lessor, in consideration of the rents herein reserved, the terms, covenants and conditions hereinafter stated to be kept and performed by Lessee, does hereby lease and demise unto Lessee, and Lessee does hereby lease from Lessor that certain property located in Gatlinburg, Sevier County, Tennessee, which is known as unit _____ of the Big Elk Resort Condominium and Water Park development, with any and all appurtenances, rights, privileges now or hereafter belonging or appertaining thereunto, (collectively the "Demised Premises").

ARTICLE II
COVENANTS OF QUIET ENJOYMENT AND TITLE

A. QUIET ENJOYMENT. Lessee, upon paying the rent herein reserved, performing and observing the several covenants by it to be kept and performed, may peaceably hold and enjoy the Demised Premises with exclusive control and possession thereof during the full term of this Lease and any extensions hereof.

ARTICLE III
TERM; TERMINATION; MANAGEMENT

A. TERM. The term and rental of this Lease (herein called the "Term") shall commence on the later of the date on which a final certificate of occupancy is issued with respect to the Demised Premises and the condominiums and water park are open for business (the "Commencement Date") and, unless sooner

terminated as hereinafter provided, shall continue thereafter for five (5) years.

B. MANAGEMENT. The parties agree that the Demised Premises shall be managed by American Resort Management/Big Elk Resort, LLC pursuant to a management agreement in the form attached hereto as Exhibit A (the "Management Agreement") (to be inserted at a later date). The Management Agreement shall remain in effect during the Term of said lease and for an additional five (5) years thereafter unless it is terminated (i) upon the sale of the Demised Premises under Article III.C. Below, (ii) under the terms of the Management Agreement or (iii) following default by Lessee resulting in a termination of this Lease.

C. TERMINATION UPON SALE. In the event of the sale of the Demised Premises this Lease will be automatically terminated on the date of closing but must be reinstated by the new purchaser.

ARTICLE IV
RENT

The Lessee covenants and agrees to pay to Lessor no less than quarterly, commencing on Commencement Date and continuing throughout the Term of this Lease, rentals (the "Rent") equal to Two Thousand Eighty Three Dollars and Thirty Three Cents (\$2,083.33) per month.

Rent hereunder shall commence as of the date of this lease. Quarterly installments of Rent shall be payable in arrears, without any abatement, deduction, setoff, prior notice, or demand, on the fifteenth (15th) day of each quarter. Rent for partial months at the beginning and end of the Term shall be prorated and payable on the first Rent payment date following the end of such partial month. Lessor agrees to pay for International wiring fees if the rental payments are being wired to an account outside of USA.

ARTICLE V
TAXES

Lessee shall pay all real estate taxes, assessments and charges which shall, during the term of this Lease be levied, charged, assessed or imposed upon the Demised Premises. Such taxes shall be paid prior to the date on which they become

delinquent. Taxes for the first and last years of this Lease will be prorated between the parties.

ARTICLE VI
UTILITIES AND SERVICES

Lessee shall be solely responsible to obtain and shall promptly pay all charges for telephone, gas, water, electricity, sewer and any other utility used or consumed by Lessee on the Demised Premises. In addition Lessee shall be responsible for paying all home owners fees, assessments and other charges payable under the Underlying Documents that accrue during the term.

ARTICLE VII
REPAIRS, USE AND OPERATION OF DEMISED PREMISES

A. REPAIRS. During the Term, Lessee shall make all repairs (other than those that are the specific obligation of owners association under the Underlying Documents) in and to and keep any and all improvements located on the Demised Premises in good order, condition and repair, normal wear and tear, obsolescence and damage from fire or other casualty excepted.

B. USE AND OPERATION. Lessee covenants that during the term of this Lease, the Demised Premises shall be used only in a manner the which does not violate the Underlying Documents or applicable laws, ordinances, restrictions, regulations or orders of the United States, or of the state, county, and/or city wherein the Demised Premises are located. The lessee grants the lessor the right to use the property for up to 4 weeks per annum at no charge to the Lessor. Some restrictions on lessor use may apply during holiday weekends and peak rental season.

ARTICLE VIII
INSURANCE AND INDEMNITY

A. LIABILITY INSURANCE. Lessee shall maintain at all times during the term of this Lease, at Lessee's cost and expense, general liability insurance insuring against bodily injury or property damage occasioned by occurrence, accident or disaster in or about the Demised Premises. Such policy or policies are to be written with a limit of coverage not less than \$2,000,000 in respect to bodily injury or property damage for any one occurrence. Upon request of Lessor or any holder of any Mortgage Financing, certificates of such insurance shall be

delivered to Lessor and any holder of any Mortgage Financing, and will name Lessor, Lessee, and any holder of any Mortgage Financing as their respective interests appear, as the insured parties.

B. HAZARD INSURANCE. At all times during the term of this Lease, Lessee shall maintain insurance protection for full replacement cost for direct and indirect damage covering the buildings on the Demised Premises insured against loss or damage by fire, lightning, windstorm, hurricane, hail, explosion, riot, damage from aircraft, smoke damage and such other insurable risks, casualties and hazards. Lessee shall maintain insurance protection for direct and indirect damage covering the Lessee's property in the building.

C. MUTUAL RELEASE; WAIVER OF SUBROGATION. Lessor and Lessee hereby release each other and anyone claiming through or under the other by way subrogation or otherwise from any and all liability for any loss of or damage to property, whether caused by the negligence or fault of the other party, to the extent of any recovery made by the parties hereto for such loss or damage under any fire and standard extended coverage insurance policy now or hereafter issued covering the Demised Premises. In addition, Lessor and Lessee shall cause each such insurance policy carried by them, insuring the Demised Premises of the contents thereof, to be written to provide that the insurer waives all rights to recovery by way of subrogation against the other party hereto in connection with any loss or damage covered by the policy.

ARTICLE IX
DAMAGE OR DESTRUCTION

If at any time any building or other improvements on the Demised Premises, should be damaged by fire or other casualty not the fault of Lessee, Lessor shall repair the damage caused by said fire or other casualty, to the extent that insurance proceeds are available for such purpose and to the extent permitted or required under the Underlying Documents. If the Lessor's mortgagee does not make the proceeds available for repair, if the available proceeds are, or reasonably appear to be, insufficient to pay the cost of the repairs, or if it reasonably appears to the parties that the repairs cannot be completed within six (6) months, the Lessor or Lessee may

terminate the Lease. In the event of termination, all insurance proceeds attributable to the Demised Premises will be paid to the Lessor, Lessor shall use its best efforts to cause any repair work to the Demised Premises to be completed within six (6) months after the fire or other casualty. If the damage should render the Demised Premises untenable, the Lessee shall be entitled to abatement of a fair and just portion of the Rent from the time of destruction through the period of restoration.

ARTICLE X
CONDEMNATION

A. TAKING. Any taking during the Term of this Lease of any interest in the Demised Premises as a result of the actual exercise of the power of condemnation or eminent domain by the United States or any other body having such power or any sale or other transfer of any such interest in lieu of or in anticipation of the impending exercise of any such power, to any person legally empowered to exercise such power shall, for the purposes of this Lease, be herein referred to as a "Taking."

B. AWARDS. The Lessee shall not be entitled to participate in or receive any part of the damages or award which may be paid or awarded to the Lessor by reason of a Taking, except where such award specifically provides for reimbursable expenses for Lessee under applicable law. However, nothing herein shall operate to deprive the Lessee of the right to make a separate claim against the condemning authority for any damages suffered by Lessee and any award available to Lessee in its own right. Lessor and Lessee may appear in any proceeding or negotiation with respect to any Taking and may be represented therein by their respective counsels.

ARTICLE XI
DEFAULT

- (a) If Lessee shall default in the payment of rent or any part thereof for more than fifteen (15) days after written notice and demand is given by Lessor of such default, provided, however, that the Lessor shall not be obligated to give such notice more than five (5) times during any calendar year or (b) if Lessee shall default in the performance of any covenant or

obligation this Lease (other than the covenant for the payment of rent) and if such default is not cured within thirty (30) days after written notice and demand thereof is given by Lessor, or if such default shall be of such nature that the same cannot practicably be cured within said thirty (30) day period, and the Lessee shall not have promptly commenced within such thirty (30) day period with reasonable diligence and in good faith to remedy such default, , Lessor, at Lessor's election, may elect (i) to terminate this Lease at any time by giving ten (10) days written notice to Lessee electing to terminate this Lease, and the term of this Lease shall expire as of the expiration of said last mentioned ten (10) day notice, and Lessee shall thereupon quit and surrender the Demised Premises to Lessor.

ARTICLE XII
ASSIGNMENT AND SUBLETTING

Lessee may not sell, assign, pledge, mortgage or encumber any of its leasehold interest in and to the Demised Premises without the prior written consent of Lessor, provided that the Lessee may sublease the Demised Premises for overnight rental without Lessor's prior consent.

ARTICLE XIII
ATTORNEYS' FEES AND EXPENSES

In the event that either party to this Lease shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether such employment shall require institution of suit or other legal services required to secure compliance, the non-prevailing party shall be responsible for and shall promptly pay to the prevailing party the reasonable attorneys' fees, and any other reasonable and necessary expenses incurred by prevailing party as a result of such default.

ARTICLE XIV
GENERAL PROVISIONS

A. SURRENDER OF PREMISES. At the expiration, or earlier termination of this Lease, the Lessee shall vacate the Demised Premises and surrender the Demised Premises to Lessor in substantially the same condition as delivered to Lessee, ordinary wear and tear, obsolescence and damage from fire or

other casualty accepted. Any holding over or occupancy by Lessee after the termination of this Lease shall be deemed to be a tenancy at will.

B. NO WAIVER. It is mutually understood and agreed by and between the parties hereto that no waiver of a breach of any of the covenants in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant.

C. ENTIRE AGREEMENT. It is mutually understood and agreed by and between the parties hereto that this Agreement of even date contain the entire agreement between the parties, and that the execution hereof has not been induced by either of the parties through representation, promises or understandings not expressed herein, and that there are no collateral agreements, stipulations, promises or understandings whatsoever between the respective parties in any way affecting the subject matter of this instrument which are not expressly contained herein and in the attached Exhibits.

D. MODIFICATIONS, ETC. It is further understood and agreed that no modification, release, discharge or waiver of any provision hereof shall be of any force, value or effect unless it is in writing, signed by both the Lessor and Lessee.

E. NOTICE. When either party desires to give notice to the other in connection with and according to the terms of this Lease, such notice shall be given by certified mail, return receipt requested, with sufficient postage prepaid thereon, and said notices shall be addressed as follows, or to such other address (es) as may be designated, in writing, to the other party:

For the Lessor: _____

For the Lessee: American Resort Management / Big
Elk Resort LLC
C/o Peter Medlyn
109 South Broadway
Knoxville, TN 37902

F. BROKER. Lessor and Lessee warrant and represent to the other that they have not acted through or contacted any real estate broker in connection with this Lease. It is agreed that

if any claim for commissions or fees is made against Lessor or Lessee in connection with this Lease, all such claims shall be handled and paid for by the party whose actions or alleged commitments form the basis for such claim.

G. TIME OF ESSENCE. Time is of the essence of this Lease.

H. MEMORANDUM OF LEASE. Upon request of Lessee, Lessor shall execute and deliver to Lessee a Memorandum of this Lease, in form suitable for recording setting forth the identity of the Demised Premises, parties hereto, and the term of this Lease.

I. CAPTIONS. The captions utilized in various paragraphs of this Lease are provided for convenience and do not define or limit the scope of any provision herein.

J. SUCCESSORS. The covenants and agreements contained in this Lease shall bind and inure to the benefit of the parties and their successors and assigns, except as expressly restricted or prohibited herein.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be properly executed and sealed, on the day and year first above written.

WITNESS:

LESSOR:

LESSEE:

American Resort Management / Big Elk Resort LLC

By: _____
General Partner

By: _____
Its: _____