

LEASE AGREEMENT

THIS LEASE is dated the ____ day of December 2012, by and between

BAY 19 LLC, 79 Highland Avenue, Highlands, NJ 07732, Landlord,

And

HIGHLANDS BOROUGH, 171 Bay Avenue, Highlands, NJ 07732, Tenant

- W I T N E S S E T H -

THE PARTIES HERETO, intending to be legally bound hereby, agree as follows:

ARTICLE ONE: DEMISED PREMISES and TERM. Landlord does hereby lease and demise to Tenant the following: first and second floor of premises for use as office (hereinafter "Demised Premises") located at 19 Bay Avenue, Highlands, New Jersey for a term of one (1) year commencing **December 1, 2012**.

ARTICLE TWO: RENT. Tenant agrees to pay Landlord as rent for the Demised Premises as follows:

December 1, 2012 through November 30, 2013 - \$3,500.00 per month;

ARTICLE THREE: UTILITIES. Tenant shall be solely responsible for the following utilities and services: (1) electric; (2) water; (3) gas; and (4) sewer.

ARTICLE FOUR: The Tenant, at Tenant's own cost and expense, shall obtain or provide and keep in full force for the benefit of the Landlord, during the term hereof, general public liability insurance, insuring the Landlord against any and all liability or claims of liability arising out of, occasioned by or resulting from any accident or otherwise in or about the leased premises, for injuries to any person or persons, for limits of not less than \$1,000,000.00 for injuries to one person and \$1,000,000.00 for injuries to more than one person in any one accident or occurrence, and for loss or damage to the property of any person or persons, for not less than \$100,000.00. The policy or policies or insurance shall be of a company or companies authorized to do business in this State and shall be delivered to the Landlord, together with evidence of the payment of the premiums herefor, not less than fifteen days prior to the Demised Premises. There shall be no exterior renovations made by the Tenant, unless they are with Landlord's prior written express consent.

ARTICLE FIVE: PAYMENT OF RENT. All rents are payable in equal monthly installments in advance, without set-off or deduction of any kind, upon the first day of each calendar month of the tenancy, at the office of Landlord, or such other place as Landlord may from time to time designate, and, at the expiration of the term, Tenant will peacefully yield to the Landlord said premises in good order and repair and broom clean.

ARTICLE SIX: Landlord shall be responsible for the payment of all municipal and other taxes assessed against the property.

ARTICLE SEVEN: ABATEMENT OF RENT. No abatement, diminution or reduction of the rent, or of any additional rent or other charges required to be paid by Tenant pursuant to the terms of this Lease, shall be claimed by, or allowed to, Tenant for any inconvenience, interruption, cessation or loss of business or otherwise, caused directly or indirectly, by any present or future laws, ordinances, orders, rules, regulations or requirements of the Federal, State,

County, or Municipal governments, or by priorities, rationing or curtailment of labor or materials, or by war, civil commotion, strikes or riots, or any matter or thing resulting therefrom, or by any other cause or causes beyond the control of Landlord, including, without limitation, casualty to the Demised Premises. Provided, however, that where the delays, inconveniences and so forth occur as the result of a cause within Landlord's control, there shall be a proportionate abatement of rent.

ARTICLE EIGHT: FIRE. If the Demised Premises are damaged by fire or other insured casualty, not occurring through an act or failure to act on the part of Tenant, its agents, servants, or employees, and such damage can be repaired within 30 days of the date of such occurrence, this Lease shall remain in full force and effect, and Landlord shall promptly repair such damage at its expense, and in that event, there shall be a proportionate abatement of rent for so much of the Demised Premises as may be untenable during the period of repair or restoration.

ARTICLE NINE: REPAIRS, ORDINANCES AND VIOLATIONS. Tenant covenants: (1) that no waste or damage shall be committed upon or to the Demised Premises; (2) that the premises shall be used for only the purpose herein stated, or for such use as may be approved by Landlord whose approval shall not be unreasonably withheld; (3) that said premises shall not be used for any unlawful purpose and no violations of law or ordinance or duly constituted authority shall be committed thereon.

Throughout the lease term, Tenant shall: (1) take good care of the Demised Premises, make all repairs and replacements in and about the same necessary to preserve them in good order and condition, which repairs and replacements shall be equal in quality to the original work; (2) promptly pay the expense of such repairs and replacements; (3) give prompt notice to the Landlord of any damage that may occur; (4) execute and comply with all laws, rules, orders, ordinances and regulations at any time issued or in force, applicable to the Demised Premises or to Tenant's use and occupancy thereof, of the municipal, city, county, state and Federal governments and Landlord, and of each and every department bureau and official thereof, and of the Board of Fire Underwriters having jurisdiction thereof. It shall be the Landlord's responsibility to maintain and repair the roof, and structural integrity of the building. Tenant is responsible for the maintenance and repair for these plumbing and electrical lines within the Demised Premises.

Tenant shall be responsible to maintain the HVAC system.

Tenant shall be responsible for all glass in the front of premises.

Landlord shall be responsible for any repair and replacement of any damaged portion of the demised premises and any of the mechanical systems including, but not limited to, the plumbing and HVAC systems serving the premises. Any damage to premises or mechanical systems caused by the abuse, misuse of same, or negligence of Tenant shall be repaired or replaced by Tenant

ARTICLE TEN: INTERIOR ALTERATIONS. Tenant may, at its expense, make such interior alterations and improvements to the Demised Premises and install interior partitions as it may require, and that such improvements and alterations are done in a workmanlike manner in keeping with all building codes and regulations and in no way harm the structure of the Demised Premises. Tenant shall make no modifications to mechanical or structural systems without Landlord's prior written approval.

All changes, additions, or alterations shall be made solely at the expense of Tenant, with Landlord's written approval, and Tenant agrees to protect, indemnify and save harmless Landlord from the payment of any claim or any kind or character on account of bills for labor or material in connection therewith.

Any such changes, additions, alterations or improvements shall at the end of this Lease be removed by Tenant, provided Tenant returns property to the same condition it was in at the onset of the Lease.

ARTICLE ELEVEN: OUTSIDE BUILDING APPEARANCE. Consistent with Article Six, Tenant shall cooperate with Landlord by keeping sidewalks adjoining the Demised Premises clean and free from rubbish, and shall store all trash and garbage within the Demised Premises. Tenant shall not burn any trash of any kind in or about the building, nor shall Tenant permit rubbish, refuse or garbage to accumulate, or fire hazard to exist within or without the Demised Premises. Tenant shall keep the area surrounding his dumpsters clean and free from debris. Tenant shall be responsible for snow removal on the outside walks, in front of the Demised Premises, unless they are with Landlord's prior written express consent.

ARTICLE TWELVE: LIABILITY OF LANDLORD. Landlord shall not be under any responsibility or liability in any way whatsoever for the quality, quantity, impairment, interruption, stoppage, or other interference with service involving water, heat, gas, electric current for light and power, telephone or any other service except that neither Landlord, its agents or any of its tenants shall be permitted to do anything which will impair Tenant's rights thereto.

Landlord shall not be liable for any damage to property of Tenant or of others located on the Demised Premises except caused by its negligence, nor for the loss of or damage to any property of Tenant or of others by theft or otherwise. Landlord shall not be liable for any injury or damage to persons or property resulting from (but not limited to) fire, explosion, falling plaster, steam, gas, electricity, water, rain, snow or leaks from any part of the Demised Premises; or from the pipes, appliances or plumbing works; or from the roof, street or sub-surface or from any other place or by dampness or by any other cause of whatsoever nature, except to the extent that the same may occur by reason or negligence of Landlord.

ARTICLE THIRTEEN: LIABILITY OF TENANT. The Landlord shall not be liable for any damages or injury to person or property within the Demised Premises caused by or resulting from steam, electric, gas, water, rain, ice or snow, or any leak or flow from or into any part of said building, or from any damage or injury resulting or arising from any other cause or happening whatsoever.

ARTICLE FOURTEEN: MECHANICS LIENS. The parties hereto agree that Landlord shall not be at any time liable or responsible for the cost, in whole or part, of any alteration or improvement or other work, labor or materials of any nature or kind whatsoever, whether or not such work, labor or materials are required pursuant to the provisions hereof in connection with or upon the Demised Premises. In addition, the Demised Premises shall not be subject to any mechanic's lien pursuant to the provisions of the laws of New Jersey, it being the intention of Landlord and agreed upon Tenant that no alterations, improvements or any work, labor or materials shall be performed in or about the Demised Premises, or any part thereof, except upon the credit of Tenant alone.

ARTICLE FIFTEEN: INDEMNIFICATION. Tenant covenants and agrees, at its sole cost and expense, to indemnify Landlord and save Landlord harmless against and from any and all claims by or on behalf of any

person, firm or corporation, arising from the use, conduct or management of, or from any work or thing whatsoever done in or about the Demised Premises, during the lease term, by Tenant, its agents, servants, employees, licenses, invitees or independent contractors acting on its behalf; and, further to indemnify Landlord and save Landlord harmless against and from any all claims arising from any condition of, on or at the Demised Premises or arising from any breach or default on the part of Tenant to be performed, pursuant to the terms of this Lease, or resulting or arising from any act or negligence of Tenant, or any of its agents, servants, employees, licensees, invitees or independent contractors acting on its behalf, or resulting or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation, occurring during the lease term, in or about the Demised Premises, or upon or under any sidewalk, street, parking area, alley, curb, passageway, space and/or land adjacent thereto, and from and against all costs, expenses and liabilities, including but not limited to, attorney's fees, incurred in, about or by reason of any such claim or any action or proceeding brought thereon; and, in case any action or proceeding be brought thereon; and, in case any action or proceeding be brought against Landlord by reason of any such claim. Tenant, upon notice from landlord, covenants to resist or defend such action or proceeding by counsel satisfactory to Landlord, provided, however, that Landlord may, at its option and at the expense of Tenant, be represented by its own counsel in any such action or proceeding.

Tenant further covenants and agrees to pay, and to indemnify Landlord against all costs, expenses and charges, including but not limited to, attorneys' fees, incurred in obtaining possession of the Demised Premises after default by Tenant or upon the expiration or earlier termination of the Term, or in enforcing any covenant or agreement of Tenant herein contained.

Tenant's obligation to indemnify Landlord, as provided in this Article Twenty One, shall apply only to such acts committed within the Demised Premises and associated areas, and shall not extend to the tortious acts of Landlord, its agents, servants or employees.

Landlord will indemnify and hold harmless Tenant from any claims arising from Landlord's negligence or the negligence of Landlord's agents, servants, and employees.

ARTICLE SIXTEEN: INSPECTION BY LANDLORD. Tenant shall permit Landlord and the authorized representatives of Landlord to enter the Demised Premises at all reasonable times for the purpose of exhibiting or inspecting the same and of making any necessary repairs to the Demised Premises and performing any work therein or thereon that may be necessary to comply with any laws, ordinances, rules, regulations or requirements of any governmental authority, or that may be necessary to prevent waste or deterioration in connection with the Demised Premises, which Tenant is obligated, but has failed, to make, perform or prevent, as the case may be.

ARTICLE SEVENTEEN: VACANCY. If the Demised Premises, or any part thereof, shall become vacant during the lease term, or should Tenant be evicted by summary proceeding or otherwise, Landlord or Landlord's representatives may re-enter the same, either by force or otherwise, without being liable to prosecution therefor, and re-let said premises as the agent or said Tenant and receive the rent thereof; applying the same, first to the payment of such expenses as the Landlord may be put to in re-entering and then to the payment of the rent due by these presents, the balance (if any) to be paid over to the Tenant who shall remain liable for any deficiency.

ARTICLE EIGHTEEN: DEFAULT. (1) Default shall occur: (a) if Tenant shall default in the payment of any rent or other payments required of Tenant, or any part thereof, and if such default shall continue for ten (10) days after written notice of default; or, (b) if Tenant shall default in the performance or observance of any other agreement or condition on its part to be performed or observed, and if Tenant shall fail to undertake to cure said default within ten (10) days after written notice of said default from Landlord; or (c) if any person shall levy upon, take or attempt to take this leasehold interest or any part thereof upon execution, attachment or other process of law; or (d) if the premises shall not be conducted therein for a period of ten (10) or more business days, except as a result of an act of God, casualty or other event or occurrence over which Tenant shall have no control, in any of said cases (notwithstanding any license of any former breach or agreement or condition of waiver of the benefit hereof or consent in a former instance); in such event or events Landlord lawfully may immediately, or at anytime thereafter, and without any further notice or demand, terminate this Lease and Tenant will forthwith quit and surrender the Demised Premises, but Tenant shall remain liable as hereinafter provided.

(2) If this Lease shall be terminated, as provided in this paragraph: (a) Landlord may immediately, or at any time thereafter, reenter and resume possession of the Demised Premises and remove all persons and property therefrom either by summary dispossession proceedings or by a suitable action or proceeding at law or in equity, or by force or otherwise, without being liable for any damages therefor. No re-entry by Landlord shall be deemed an acceptance of a surrender of this Lease; (b) Landlord may re-let the whole or any part of the Demised Premises for a period equal to, or greater or less than, the remainder of the then term of this Lease, at such rental and upon such terms and concessions as Landlord shall deem reasonable, to any person which it may deem suitable and satisfactory and for any use and purpose which it may deem appropriate. In no event shall Landlord be liable in any respect for failure to re-let the Demised Premises, or in the event of such re-letting, for failure to collect the rent thereunder. Any sums or other consideration received by landlord on a re-letting in excess of the rent reserved in this Lease shall belong to the Landlord.

(3) If this Lease shall be terminated as provided in this Article, or by summary proceedings or otherwise, and whether or not the premises shall be re-let, Landlord shall be entitled to recover from Tenant and Tenant shall pay to landlord, the following: (a) an amount equal to all expenses, including reasonable counsel fees incurred by landlord in recovering possession of the Demised Premises; (b) all reasonable costs and charges for the care of the Demised premises while vacant; (c) an amount equal to all expenses incurred by landlord in connection with the re-letting of the Demised Premises or any part thereof, including broker's commissions, advertising expenses, and the cost of repairing, renovating or remodeling the Demised Premises; and (d) an amount equal to all minimum rent, additional rent and other charges required to be paid by Tenant under this Lease, less the net rent, if any, collected by Landlord on re-letting the Demised Premises, which amount shall be due and payable by Tenant to Landlord on the several days on which such minimum rent and other charges would have become due and payable had this Lease not been terminated, and Tenant shall pay to Landlord the amount of any deficiency then existing.

(4) All sums other than minimum rent payable hereunder by Tenant are hereby deemed and declared to be additional rent under the terms of this lease and landlord shall have any and all rights afforded it hereunder to collect the same. Such sums shall include, but not be

limited to, minimum rent, excess real estate taxes, attorneys' fees, court costs and utility bills.

(5) If Tenant shall default under any part of this Lease, Landlord may, at its election, immediately or at any time thereafter, without waiving any claim for breach of agreement, and without notice to Tenant, cure any such default or defaults for the account of Tenant, provided Landlord's rights shall be limited to those instances where written notice of default to Tenant as provided for under this Article are impractical or will materially prejudice the rights of landlord.

If Landlord shall institute an action or summary proceeding against Tenant based upon such default, or if Landlord shall cure such default or defaults for the account of Tenant, then Tenant will reimburse Landlord for the expense of attorneys' fees and disbursements thereby incurred by Landlord, so far as the same are reasonable in amount. The cost to Landlord thereof shall be due and payable on demand and shall be deemed to be additional rent and shall be added to the installment or rent next accruing or to any subsequent installment of rent, at the election of Landlord. Landlord shall not be responsible to Tenant for any loss or damage resulting in any manner by reason of its undertaking any acts in accordance with the provisions of this Lease.

ARTICLE NINETEEN: RETURN OF PREMISES IN GOOD CONDITION. The Tenant shall, upon the expiration or prior termination of this lease, surrender to Landlord the Demised Premises in good order, condition and repair, except for reasonable wear and tear occurring after the last necessary repair, replacement and/or renewal made by Tenant pursuant to its obligations under this Lease.

ARTICLE TWENTY: ATTORNEYS' FEES: Tenant agrees that in the event its default in the performance of any provision of this Lease requires Landlord, in the exercise of its sole discretion, to use the services of an attorney, whether or not an employee of landlord, to attempt to or to successfully remedy such default, that Tenant will reimburse Landlord for any and all expenses incurred in its use of such attorney and in any action which said attorney may take. Such expenses shall include, but are not limited to, legal fees, court costs, costs of filing and serving statements and/or complaints, etc. The term "default" as used in this Article shall mean, but is not to be construed as limited in meaning to non-payment of, minimum rent, percentage rents, utility bills, if any, real estate taxes, real estate assessments, common area contribution. Tenant shall have a reciprocal right to attorney fees should Landlord breach the Lease or default in Landlord's obligations under the Lease.

ARTICLE TWENTY ONE: REMOVAL OF FIXTURES. If after default in payment of rent or violation of any other provision of this Lease, or upon the expiration of this Lease, Tenant moves out or is dispossessed and fails to remove any trade fixtures, signs or other property prior to such default, removal, expiration of lease, or prior to the issuance of final order or execution of warrant, then in that event, the said fixtures, signs and property shall be deemed abandoned by Tenant and shall become the same at Tenant's own cost and expense, and upon the failure of Tenant to do so, Landlord may, in addition to any other remedies available to it, remove said trade fixtures, signs or other property as the duly authorized agent of Tenant, and store the same in the name and at the expense of Tenant or those claiming or under it under any usual or proper form of warehouse receipt, whether or not authorizing the sale of same for non-payment of storage charges, without in any way being liable for trespass, conversion or negligence, by reason of the negligence of any person in caring for same while in storage and Tenant will pay to Landlord upon demand any

and all expenses and charges incurred upon such removal and storage, irrespective of the length of time of storage.

ARTICLE TWENTY TWO: WAIVERS. The failure of landlord to insist, in any one or more instances upon strict performance of any of the provisions of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or a relinquishment for the future of such provision or option, but the same shall continue and remain in full force and effect. The receipt by landlord of rent, with knowledge of the breach of any covenant contained herein, shall not be deemed a waiver of such breach and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in writing and signed by landlord. Even though Landlord shall consent to an assignment and/or sub-letting hereof no further assignment and/or sub-letting shall be made without express consent in writing by Landlord.

ARTICLE TWENTY THREE: COMPLIANCE WITH LAWS. Tenant shall, through the Lease term, and at no expense whatsoever to landlord, promptly comply, or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of all Federal, State, County and Municipal governments and/or other authorities and of the Board of Fire Underwriters and any insurance organization or associations and/or companies applicable to the 'Demised Premises, both foreseen and unforeseen, ordinary and extraordinary, and whether or not the same shall presently be within the contemplation of the parties hereto or shall involve any change of governmental or others' policy.

ARTICLE TWENTY FOUR: HAVE AND HOLD. Landlord agrees that Tenant, subject to the provisions of this Lease, on paying the rent and performing under this Lease, shall any may peacefully and quietly have, hold and enjoy the Demised Premises for the lease term.

ARTICLE TWENTY FIVE: INTERPRETATION. It is agreed that, if any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease, all of which other provisions shall remain enforceable to the fullest extent permitted by law; and, it is the intention of the parties hereto that, if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

ARTICLE TWENTY SIX: USE OF PRONOUN. The use of the neuter, singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation, or a group of two or more individuals or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in a plural sense where there is more than one Landlord or Tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

ARTICLE TWENTY SEVEN: GOVERNING LAW. This Lease shall be governed by the Laws of the State of New Jersey.

ARTICLE TWENTY EIGHT: ENTIRE AGREEMENT. It is understood that neither Landlord nor anyone acting on its behalf has made any statement, promise or agreement, or taken upon itself any engagement whatever, verbally or in writing, in conflict with the terms of this Lease, or that in any way modifies, varies, alters, enlarges or invalidates any of its provisions, and that no obligation of the Landlord shall be implied in addition to the obligations herein expressed.

ARTICLE TWENTY NINE: SUCCESSORS. The covenants and agreements contained in the foregoing Lease are binding upon the parties hereto and their respective heirs, executors, administrators, successors, legal representatives and assigns.

ARTICLE THIRTY: LATE CHARGE. In the event any installment or rent or any payment of additional rent required in this Lease shall not be paid within fifteen (15) days of the due date thereof, as additional rent, a late charge of five (5%) percent of such installment shall be due and payable thereon, together with the overdue payment, which late charge shall be considered additional rent. In the event any payment of rent is not made within thirty (30) days of the due date, the same shall constitute a default under this Lease.

ARTICLE THIRTY ONE: ASSIGNMENT. The Tenant shall not without reasonable consent of the Landlord, assign, mortgage, or hypothecate this lease, nor sublet or sublease the premises or any part thereof, which consent will not be unreasonably withheld.

ARTICLE THIRTY TWO: Tenant shall have the option to renew this lease.

ARTICLE THIRTY THREE: Landlord shall apply for and pay the cost of a Certificate of Occupancy and any other municipal or state approvals required for occupancy of the premises.

ARTICLE THIRTY FOUR: Landlord agrees to provide carpeting, walls, two (2) bathrooms, (1 with a shower), and sufficient electrical and data outlets and service necessary for the running of Tenant's intended business.

IN WITNESS WHEREOF this Lease has been duly executed by the parties hereto, intending to be legally bound thereby, under seal as of the day and year first above written.

WITNESSES:

BAY 19 LLC

JEFFREY ROSEN, ESQ.

BY: _____,
LANDLORD

BY: _____

BOROUGH OF HIGHLANDS

BY: _____,
TENANT

BY: _____