

P04000088781

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MERGER OR SHARE EXCHANGE

REALTY1, CO.

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Merger w/Name

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Greenberg Traurig

Frank S. Loppolo, Jr.
flopeola@gtlaw.com

May 11, 2006

VIA FEDEX

Department of State
Division of Corporations
Corporate Filings
P.O. Box 6327
Tallahassee, FL 32314

Re: **Imaged Merger Agreement for Lake Forest Realty, Inc. - Document Number P04000088781 (the "Corporation").**

To Whom It May Concern:

On June 8, 2004 the above-mentioned Florida profit corporation filed Articles of Merger with your Department via fax filing (fax audit number H04000122065 3). Attached to said Articles of Merger was the Agreement and Plan of Merger (the "Plan"). This attachment was intended to meet the statutory requirements laid out in Florida Statute § 607.1105 (the "Statute"). Pages 1 - 29 of the above mentioned filing, indeed, fully meet the requirements set forth in the Statute. The schedules and exhibits attached to the Plan, however, are above and beyond what the Statute requires and were inadvertently submitted to the Department. These schedules and exhibits contain private financial information of the Corporation as well as copies of other, private, agreements.

Due to the nature of the private and confidential information contained on the schedules and exhibits to the Plan, and in light of the damage that such information may cause the Corporation and its officers and shareholders, we respectfully request that these pages be stricken from the public record as they are currently accessible on www.sunbiz.com. It is our understanding that this letter will, in turn, replace those pages.

We greatly appreciate your prompt response to this request.

Sincerely,


Michelle Alverson
Corporate Paralegal

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DENVER
FORT LAUDERDALE
LOS ANGELES
MIAMI
NEW JERSEY
NEW YORK
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SILICON VALLEY
TALLAHASSEE
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
WILMINGTON
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ARTICLES OF MERGER

OF

LAKE FOREST REALTY, INC.
(a Florida corporation)

WITH AND INTO

REALTY1, CO.
(a Florida corporation)

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

To the Secretary of State
State of Florida

Pursuant to the provisions of Sections 607.1101 and 607.1105 of the Florida Business Corporation Act (the "Act"), the domestic corporations herein named do hereby adopt the following Articles of Merger:

1. Annexed hereto as Exhibit A, and made a part hereof, is the Agreement and Plan of Merger (the "Plan of Merger") for merging Lake Forest Realty, Inc., a Florida Corporation, with and into Realty1, Co., a Florida Corporation (the "Merger").

2. The Plan of Merger was approved and adopted by the board of directors of Lake Forest Realty, Inc. by unanimous written consent dated as of ~~7th~~ June, 2004 and by holders of a majority of the outstanding shares of common stock of Lake Forest Realty, Inc. at an annual meeting of shareholders held on ~~7th~~ June, 2004, representing the number of votes sufficient for approval of the Merger.

3. The Plan of Merger was approved and adopted by the board of directors of Realty1, Co. by unanimous written consent dated as of ~~7th~~ June, 2004 and by holders of a majority of the outstanding shares of common stock of Realty1, Co. at an annual meeting of shareholders held on ~~7th~~ June, 2004, representing the number of votes sufficient for approval of the Merger.

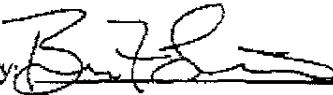
4. The Merger shall become effective on the date these Articles of Merger are filed with the Secretary of the State of Florida (the "Effective Date").

6. On and after the Effective Date, Realty1, Co. shall be the surviving corporation and shall file an Article of Amendment to its Articles of Incorporation changing its name to Lake Forest Realty, Inc.

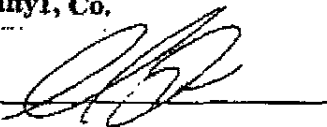
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Executed this ^{7th} day of June, 2004

Lake Forest Realty, Inc.

By: 
President

Realty1, Co.

By: 
Rick Bavec
President

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sent by: GREENBERG TRAURIG

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Exhibit A

Agreement and Plan of Merger

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Agreement and Plan of Merger

By and Among

Lake Forest Realty, Inc.,

NTS Development Company,

Realty, Co.

and

Richard D. Bavec

dated June 7th, 2004

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement") entered into as of the 7th day of June 2004 by and between REALTY1, CO., a Florida corporation ("Newco"), RICHARD D. BAVEC, an individual resident of Seminole County, Florida ("Bavec"), LAKE FOREST REALTY, INC., a Florida corporation (the "Target"), and NTS DEVELOPMENT COMPANY, a Kentucky corporation (the "Shareholder").

WITNESSETH

WHEREAS, the Shareholder holds all of the issued and outstanding capital stock of the Target (the "Target Stock") and Bavec holds all of the issued and outstanding capital stock of Newco, and is its president, sole director, sole shareholder and day-to-day manager;

WHEREAS, this Agreement contemplates a transaction in which ultimately Newco will acquire all of the Target Stock from the Shareholder in exchange for a certain series of cash payments, through a merger of the Target with and into Newco after which the Newco shall survive (the "Merger");

WHEREAS, the Shareholder and the Target, on the one hand, and Newco, on the other hand, desire to make certain representations, warranties, covenants and other agreements in connection with the Merger.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the parties agree as follows:

Section 1: Definitions

For the purposes of this Agreement, the following terms have the meanings set forth below:

1.1 "Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise. In the case of an individual, "Affiliate" shall include such Person's spouse, ancestors and descendants (whether natural or adopted) and any other individual related by marriage to such Person.

1.2 "Inside Broker" shall mean any of the several real estate agents licensed in the State of Florida and employed by the Target or Shareholder prior to the Effective Time of the Merger, and working for Newco as independent contractors (but only those working for Newco to market and sell lots and/or homes in the Lake Forest Subdivision as a part of their duties) under a written contract with Newco after the Effective Time of the Merger and at the time of the application of the relevant provisions of this Agreement. In no event shall any Person who is not an employee of Shareholder prior to the Merger be deemed to be an Inside Broker under the terms of this Agreement.

1.3 "Exclusive Listing Agreement" means the Exclusive Listing Agreement in the form attached hereto as Exhibit A, to be entered into between Orlando Lake Forest Joint Venture, a Florida joint venture ("OLEJV") and Newco.

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1.4 "GAAP" means Generally Accepted Accounting Principals as such are amended from time to time.

1.5 "Improvements" mean, as used in connection with the calculation of any commission amounts, any and all improvements made to any Lot or NTS Original Lot, including, but not limited to, any grading or excavation performed on such lot.

1.6 "Knowledge" with respect to a Person, shall mean the actual knowledge of such Person, without investigation, with respect to the matter in question.

1.7 "Lake Forest Subdivision" means that certain planned, single-family residential development known as Lake Forest Subdivision, located in Seminole County, Florida

1.8 "Liens" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereon, any sale of receivables with recourse against the Company or any Affiliate, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute) other than to reflect ownership by a third party of property leased under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business).

1.9 "Lot Purchase Contract" shall mean that certain Lot Purchase Contract between OLFJV and Tolaris of even date herewith.

1.10 "Lot" shall mean a non-NTS Original Lot within the community known as Lake Forest.

1.11 "Material Adverse Effect" means, as to any Person, any material adverse effect on the business, financial condition, operations, results of operations, employee relations, customer or supplier relations, assets or future prospects of such Person.

1.12 "NTS Original Lot" mean those lots specifically identified in Schedule 1.12, attached hereto and incorporated herein by this reference.

1.13 "Ordinary Course of Business" means, with respect to any Person, the ordinary course of that Person's business consistent with past practice (including, without limitation, with respect to collection of accounts receivable, purchases of inventory and supplies, repairs and maintenance, payment of accounts payable and accrued expenses, levels of capital expenditures and operation of cash management practices generally). "Other Agreements" shall mean the Exclusive Listing Agreement and all other agreements, certificates, opinions, instruments or documents contemplated by, required by or referred to in, this Agreement for the consummation of the transactions contemplated hereby.

1.15 "Outside Broker" shall mean a bona fide third-party broker in connection with a sale of any lot or Improvements, which third-party broker may not be an Affiliate of Bavec, Newco, Tolaris, or any Person Affiliated with any of them.

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1.16 "Party" or "Parties" means any party or parties to this Agreement, as the case may be, first stated at the beginning of this Agreement.

1.17 "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

1.18 "Sale Price of Improvements" means the full contract price for Improvements, together with the value of any and all change orders, modifications, or other elements agreed to between the third-party purchaser and the participating builder with regard to any Improvements on such lot. In the event that a commission is paid to Newco on the Sale Price of Improvements, and the amount to be paid by the third-party purchaser for the Improvements is thereafter increased for whatever reason, and the amount of the commission paid or to be paid to Newco on the value of the Improvements is, or is to be increased, then additional amount of the commission shall be paid to the Shareholder in the same manner as the original commission amount was or is to be paid as set forth in Section 2.2 (c) hereof.

1.19 "Securities and Exchange Commission" includes any governmental body or agency succeeding to the functions thereof.

1.20 "Securities Act" means the Securities Act of 1933, as amended, or any similar federal law then in force.

1.21 "Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

1.22 "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, or other tax, fee, assessment or charge of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

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1.23 "Tolaris" means Tolaris, LLC, a Florida limited liability company whose members are Bavec, Sherrie L. Bavec, Thomas E. Green and Elizabeth Green.

Section 2: The Merger

2.1 The Merger. On and subject to the terms and conditions of this Agreement, the Target will merge with and into Newco (the "Merger") at the Effective Time (defined below). Newco shall be the corporation surviving the Merger (the "Surviving Company"), and shall immediately thereafter amend its Articles of Incorporation for the purpose of changing its name to Lake Forest Realty, Inc.

2.2 Effect of Merger.

(a) General. The Merger shall become effective at 12:01 a.m. Eastern Standard Time (the "Effective Time") on the date the Target and Newco file the Articles of Merger with the Department of State of the State of Florida. The Merger will have the effect set forth in the Florida Business Corporation Act. The Surviving Company may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name and on behalf of either the Target or Newco in order to carry out and effectuate the transactions contemplated by this Agreement, provided that the Shareholder has given its prior written consent to such action.

(b) Surviving Company. At the Effective Time of the Merger, the Articles of Incorporation, By-Laws, directors and officers of the Surviving Company shall be identical to those of Newco as in effect immediately prior to the effectiveness of such Merger.

(c) Purchase Price. In consideration for the Target Stock to be received by Newco in connection with the Merger, Newco shall pay to the Shareholder an amount equal to 100% of the cash actually received by Newco under Subsections 2.2(c)(i)(B) & (C) for certain projected commission payments due and payable on the future sale of lots developed or to be developed within the Lake Forest Subdivision and Improvements thereto at the times and in accordance with the terms and provisions of this Section 2.2. Such amounts and payments are based upon the projections attached hereto as Schedule 2.2(c) and incorporated herein by this reference. The parties do not expect the actual amounts of or timing of such payments to exactly follow the estimates set forth in the projections. Therefore, the purchase price shall only be payable when and in such amounts as such commission payments identified in the projections are actually due to, or paid to, Newco or OLFJV (in the case of commissions due under Section 2.2 (c) (i) (A)) (the "Purchase Price"), as reduced only by the amounts calculated in the manner set forth as follows:

(i) Within five (5) business days of the last day of each calendar month, commencing with the calendar month in which the Closing occurs and continuing through December 31, 2008, one hundred percent (100%) of the brokerage fees and/or commissions received by Newco in connection with the initial sale of lots or Improvements by OLFJV or by a participating builder (whether or not such builder is then currently a party to a participating builder agreement between OLFJV and the builder, or has been terminated) (the

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"Participating Builder") during each preceding calendar month, net only of those amounts that the Target would have been required to pay to an Inside Broker(s) had the Merger and related transactions not been consummated. The following subsections recite the manner in which commissions from the sale of lots and/or homes in Lake Forest Subdivision have been allocated and paid prior to Merger, and the manner in which such commissions shall be allocated and paid after Closing on the Merger:

(A) Sale of NTS Original Lots. Prior to the effective Time of the Merger, upon the closing of the sale of an NTS Original Lot, 3.00% of the NTS Original Lot sales price paid by the Buyer would have been deducted from the sale proceeds at closing and paid directly to the Outside Broker, if any; and the net sale proceeds would have been paid and delivered to OLFJV, from which OLFJV would pay to the applicable Inside Broker a commission equal to 2.75% of the sales price of the NTS Original Lot. After the Effective Time of the Merger, (x) the commissions to the Outside Broker, if any, shall be paid directly from OLFJV's sale proceeds at the closing of the sale of the NTS Original Lot; and (y) subsequent to the closing of the sale of an NTS Original Lot, OLFJV shall pay to Newco a commission on the sale of such Lot in an amount equal to 2.75% of the gross sales price of such lot as reflected on the Monthly Sales Report (as hereinafter defined) submitted by Newco. Such commission payments to Newco shall be paid by OLFJV no later than ten (10) days following OLFJV's receipt of the Monthly Sales Report. Newco shall pay the commissions due to its Inside Brokers in accordance with Newco's compensation arrangement with such Inside Broker. Newco agrees that OLFJV shall receive and be entitled to keep the amount of commissions on the sales proceeds remaining from the sale of an NTS Original Lot after payment of the Outside Broker commission, if any, and the commission due to any Inside Broker pursuant to this Subsection 2.2 (c) (i) (A).

(B) Sale of Improvements on NTS Original Lots. Once an NTS Original Lot has been purchased, the third-party buyer would contract for the construction of Improvements with a Participating Builder. Prior to the Effective Time of the Merger, upon the closing of the sale of the Improvements, the Participating Builder would be obligated to pay the Target a sales commission equal to six percent (6%) of the Sales Price of Improvements, and the Target would have allocated and paid the commission as follows:

3.0% of the Sales Price of Improvements to the Outside Broker, (if any)

1.5% of the Sales Price of Improvements to the applicable Inside Broker; and

1.5% of the Sales Price of Improvements to the Target (4.5% if no Outside Broker).

After the Effective Time of the Merger, Newco shall pay to the Shareholder the entire remaining amount of commission to which Target would have been entitled from the Participating Builder prior to the Merger, after the payments to the Outside Broker and the applicable Inside Broker in

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the same amounts as set forth above, except as may be adjusted pursuant to Sections 2.2(c)(iii)(D) & (E).

(C) Sale of Lots and/or Improvements Thereon. Prior to the Effective Time of the Merger, upon the closing of the sale of a Lot and Improvements to a third-party buyer from a Participating Builder, the Participating Builder would be obligated to pay to the Target a sales commission equal to six percent (6%) of the combined sale price of the Lot and the Sales Price of Improvements, and the Target would have allocated and paid the commission as follows:

3.0% of the combined sale price of the Lot and Sales Price of Improvements to the Outside Broker, if any;

1.5% of the combined sale price of the Lot and Sales Price of Improvements to the applicable Inside Broker; and

1.5% of the combined sale price of the Lot and Sales Price of Improvements to the Target (4.5% if no Outside Broker).

After the Effective Time of the Merger, Newco shall pay to the Shareholder the entire remaining amount of commission to which the Target would have been entitled from the Participating Builder prior to the Merger, after the payments to the Outside Broker, if any, and the applicable Inside Broker in the same amounts as set forth above, except as may be adjusted pursuant to Sections 2.2(c)(iii)(D) & (E).

If, however, under this subsection (C), the Participating Builder in a particular sale is Morrison Homes, Inc ("Morrison") and the Lot in question is located in Section 10a, 10b, 10c, 16 or 17 of the Lake Forest Subdivision, then the total sales commission which would have been due to Target from Morrison would have been 5.5% of the combined sale price of the Lot and Sales Price of Improvements. Therefore, in such instance, after the Effective Time of the Merger, Newco shall pay to the Shareholder an amount equal to 5.5% of the combined sale price of the Lot and Sales Price of Improvements, less only the 3% due to an Outside Broker, if any, and the 1.5% due to the applicable Inside Broker.

(D) Resales Within and Sales Outside of the Lake Forest Subdivision. The parties hereby acknowledge and agree that Newco shall retain one hundred percent (100%) of the brokerage commissions received with respect to the sale or improvement of any lots, improvements or other real estate which are evidenced by written contracts which have been executed after the Effective Time of the Merger, other than those referred to in Subsections (i)(A),(B) or (C) above. Additionally, Newco shall retain one hundred percent (100%) of the commissions received with respect to any resales of any lots or improvements referred to in Subsections (i)(A), (B) or (C) above which are evidenced by written contracts which have been executed and accepted after the Effective Time of the Merger. Newco shall not be obligated to pay any amount to the Shareholder in respect of such commissions.

(ii) Provided that and for so long as Baveco continues to be the president, sole director, sole shareholder and/or day-to-day manager of Newco, then effective January 1, 2009, ninety percent (90%) of the brokerage fees and/or commissions received by

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Newco in connection with the sale of lots and improvements referred to in Subsections (i)(A),(B) or (C) above, during each preceding calendar month, to the extent the Target would have been entitled to retain such commissions had the Merger not been consummated, shall belong to Newco and Newco shall be entitled to retain said amounts (the amount of such commissions shall be determined in the same manner as set forth in Subsections (c)(i)(A) through (c)(i)(C), above) and Newco shall pay and deliver to Shareholder ten percent (10%) of such commissions on the same terms and at such times each calendar month as provided for the commissions to be paid to Shareholder under Section 2.2(c)(i) above, provided such payments shall continue to be made to Shareholder until Shareholder has been paid its portion of all commissions due on sales of all NTS Original Lots, all Lots and all Improvements. Notwithstanding anything contained in this Agreement to the contrary, upon the payment of all commissions to Shareholder for all property and improvements referenced in Subsections 2.2(c)(i)(A) through (c)(i)(C) above, Bavec shall no longer be required to serve as the president, sole director, sole shareholder and/or day-to-day manager of Newco.

(iii) Notwithstanding anything contained herein to the contrary, all of the following terms and conditions shall apply to the allocation and payment of the sales commissions after the Effective Time of the Merger:

(A) Until the full Purchase Price shall have been paid to Shareholder, Newco shall deliver to Shareholder at the end of each and every calendar month, but in no event later than five (5) days after the last day of such month, together with the payments required in subsection 2.2 (c) (i) and (ii) above: (x) a listing of all real estate closings by lot number and name of buyer which occurred during such month for any NTS Original Lots and/or Improvements and/or Lots and Improvements for which OLFJV receives the gross sales proceeds under subsection 2.2 (c) (i) (A) above; or a payment from Newco to Shareholder is required under subsections 2.2 (c)(i) or (ii) above; or for which OLFJV is responsible to pay the Inside Broker under subsection 2.2 (c) (i) (A) above, together with the gross sales price of any Lot, Sales Price of Improvements and/or combined sale price of a Lot and Sales Price of Improvements; (y) the amount of each commission due to any Outside Broker, Inside Broker and Shareholder (or due to an Inside Broker from OLFJV) as calculated in accordance with subsection 2.2 (c) above; (z) a listing of any real estate closing which was supposed to have occurred during such month, but which has been extended or postponed until the next month and the reason for such extension or postponement, together with the information for such closing as required in (x) and (y) above; (z) the number of unsold NTS Original Lots and or Lots and Improvements and/or Improvements (under Participating Builder Agreements) as of the first day of such month and as of the last day of such month;

All of which shall be shown on a chart substantially similar to the form attached hereto as Exhibit B and which chart shall be certified to Shareholder to be true, correct, accurate and complete by Bavec and which shall be accompanied by backup documentation sufficient for Shareholder to determine and verify the accuracy and correctness of the sale price of a Lot, the Sales Price of Improvements, and/or the combined sale price of a Lot and Sales Price of Improvements and the accuracy and correctness of any deductions for payments to Outside Brokers (if any) as shown on the listing referred to above (including copies of the applicable deeds, lot or improvement purchase contracts together with any change orders and/or

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amendments, HUD closing statements, brokers agreements, Inside Broker agreements regarding payment of sales commissions by Newco (and/or any agency which is an Affiliate of Newco) to such Inside Broker, and any (whether in effect at the time or terminated) Participating Builder Agreements. All of the above shall be called the "Monthly Sales Report".

(B) Shareholder, its employees, agents, consultants, or representatives shall have the right to audit and otherwise confirm the accuracy and completeness of all information provided by Newco (and/or any other agency which is an Affiliate of Newco) and Newco hereby grants Shareholder the right to enter its offices to inspect (and copy) its books and records at any time upon prior reasonable notice for such purpose. If there is any material inaccuracy in the information provided to Shareholder as required in subsection (A) above, Newco shall be required to pay or reimburse Shareholder for any and all costs incurred in connection with the audit. If the material inaccuracy resulted in an underpayment to Shareholder in an amount greater than \$1000.00, then Newco shall immediately pay to Shareholder the amount of such underpayment, plus interest thereon at the maximum rate permitted under applicable law from the date such payment should have been made until the date upon which such payment is received by Shareholder. Failure of Newco to deliver such payment within three (3) days after notice to Newco shall be a default under this Agreement and Shareholder shall be entitled to immediately exercise all of its rights and remedies under this Agreement (including any cross-default provisions set forth in Section 6.6 hereof) and any rights and remedies it may have at law or in equity. If the inaccuracy resulted in an overpayment by Newco, Shareholder shall repay the amount of such overpayment to Newco within ten (10) business days.

(C) Bavec and Newco hereby acknowledge that they are familiar with and have received copies of documents relating to the NTS Equity Club program, a copy of which is attached hereto as **Exhibit C**, which is in effect at the Golf Brook and Sabal Park apartment communities owned by an affiliate of Shareholder and located in Orlando, Florida. Bavec and Newco hereby covenant and agree to continue to register residents at those apartment communities in the NTS Equity Club Plan in the same manner in which it has in the past and to honor the reduction in sales commissions due from such residents as it has in the past; provided, in the event a closing on an NTS Original Lot, or Lot and/or Improvements as shown on the Monthly Sales Report has occurred which entitles the third-party buyer to a reduction in the commission due to Newco under and pursuant to the NTS Equity Club Plan, Shareholder agrees, upon presentation of a separate invoice from Newco delivered with the Monthly Sales Report for the month in which such closing occurred, to reimburse Newco for the amount by which any commission ultimately due and payable to Newco was reduced.

(D) For any amounts shown as reductions in the Purchase Price in subsections 2.2 (c) (i) or (ii) only, and payable only to an Inside Broker, instead of the 2.75 % commission payable to such Inside Broker on the closing of the sale of an NTS Original Lot, or the 1.5% commission payable to such Inside Broker upon the sale of Improvements or the combined sale price of a Lot and Sales Price of Improvements as set forth in subsections 2.2 (c) (i) (A), (B) or (C), respectively, the applicable Inside Broker shall receive as commission from Newco, and the portion of the Purchase Price payable to Shareholder for the month in which the

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closing on the sale of the particular NTS Original Lot, Improvements and/or Lot and Improvements shall be reduced by an amount calculated as follows:

(x) For any closings occurring between the Effective Time of the Merger and July 31, 2004 which are based on contracts with third-party buyers (whether for an NTS Original Lot, Improvements, or a Lot and Improvements) which were executed, approved and listed on the books of Target prior to the Effective Time of the Merger, the reduction in the portion of the Purchase Price due Shareholder for the month in which such closing occurred shall be in an amount equal to 100% of the commission amount which the particular Inside Broker would have been entitled to receive from Target had the Merger not been consummated, as set forth on Exhibit D attached hereto and made a part hereof by this reference (the "Pre-Merger Inside Broker Commission Report"); and

(y) For any closings occurring after July 31, 2004 and on or before December 31, 2004 which are based on contracts with third-party buyers (whether for an NTS Original Lot, Improvements, or a Lot and Improvements) which were executed, approved and listed on the books of Target prior to the Effective Time of the Merger, the reduction in the portion of the Purchase Price due Shareholder for the month in which such closing occurred shall be in an amount equal to 50% of the commission amount which the particular Inside Broker would have been entitled to receive from Target had the Merger not been consummated, as set forth on the Pre-Merger Inside Broker Commission Report.

Shareholder hereby authorizes Newco to pay, and Newco hereby covenants and agrees to pay, to the applicable Inside Broker the commission to which such Inside Broker shall be entitled pursuant to the provisions of subsections 2.2(c)(ii)(D)(x) or (y) above, as applicable; PROVIDED HOWEVER IN THE EVENT AN INSIDE BROKER IS NOT HIRED BY NEWCO, TERMINATES HIS OR HER EMPLOYMENT WITH NEWCO, OR IS TERMINATED BY NEWCO, FOR WHATEVER REASON, ON OR AFTER THE EFFECTIVE TIME OF THE MERGER, NEWCO SHALL NOT BE ENTITLED TO DEDUCT ANY AMOUNT FROM THE PURCHASE PRICE TO PAY SUCH TERMINATED INSIDE BROKER A COMMISSION UNDER THE PROVISIONS OF THIS AGREEMENT, BUT SUCH INSIDE BROKER SHALL RECEIVE AND BE ENTITLED TO ONLY THOSE COMMISSION AMOUNTS TO WHICH HE OR SHE IS ENTITLED UNDER THE APPLICABLE SETTLEMENT AGREEMENT AND GENERAL RELEASE BETWEEN SUCH INSIDE BROKER AND SHAREHOLDER, AND IN SUCH EVENT SHAREHOLDER SHALL BE RESPONSIBLE FOR THE PAYMENT OF SUCH AMOUNTS TO SUCH INSIDE BROKER AFTER RECEIPT BY SHAREHOLDER OF ITS PORTION OF THE PURCHASE PRICE FOR THE CLOSING UPON WHICH SUCH A COMMISSION WAS DUE TO SUCH

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INSIDE BROKER UNDER THE APPLICABLE SETTLEMENT AGREEMENT AND RELEASE.

(E) Notwithstanding anything in this Subsection 2.2 to the contrary:

(x) In connection with the sale of any Lots, Improvements, or NTS Original Lots under Subsection 2.2 (c)(i)(A)(B) or (C) the contract for which is executed and accepted prior to the Effective Time hereof and the closing of which occurs prior to December 31, 2004, Newco shall pay 100% of the commission set forth in those subsections for an Inside Broker to the Inside Broker;

(y) In connection with the sale of any Lots, Improvements, or NTS Original Lots under Subsection 2.2 (c)(i)(A)(B) or (C) the contract for which is executed and accepted subsequent to the Effective Time hereof, Newco may allocate the Inside Broker portion of the commission payment it receives from OLFJV, the Participating Builder or the third-party buyer between itself and any Inside Broker in any manner it may desire, in its sole and exclusive discretion; provided, however, that Newco must pay the Insider Broker 100% of any commissions due pursuant to Subsection 2.2(c)(iii)(D).

(d) Stock Pledge. All of the obligations of Newco and Bavec hereunder shall be secured by that certain Stock Pledge Agreement, the form of which is attached hereto as Exhibit E and incorporated herein by this reference (the "Stock Pledge").

2.3 Effect on Capital Stock At the Effective Time, by virtue of the Merger and without any action on the part of Newco, the Target or the Shareholder, each share of the Target Stock will be cancelled and extinguished and converted automatically into the right to receive, upon surrender of the certificate representing such shares of the Target Stock, the Purchase Price.

2.4 No Further Ownership Rights in Target Stock All consideration paid in respect of the surrender of the Target Stock in accordance with the terms hereof shall be deemed to be full satisfaction of all rights pertaining to such shares of Target Stock when fully paid.

2.5 Books and Records On the Closing Date (defined below), the Shareholder shall deliver, and shall cause the Target to deliver, to Newco all of the stock books, records and minute books of the Target, and all financial, accounting and tax books and records of the Target which Shareholder has in its possession.

Section 3: Closing

3.1 The Closing The closing of the Merger (the "Closing") shall take place at the offices of Greenberg Traurig, P.A., 450 South Orange Avenue, Suite 650, Orlando, Florida

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32801, or such other location as the parties may mutually agree, commencing at 1:00 p.m. local time on a date mutually agreeable to the parties hereto (the "Closing Date"); *provided, however*, that the Closing Date shall be no later than June 30, 2004.

Section 4: Representations and Warranties of Target and the Shareholder

As a material inducement to Newco and Bavec to enter into this Agreement, the Shareholder hereby makes the following representations and warranties to Newco and Bavec as of the Closing Date, each of which is true and correct and shall survive the Closing Date for a period of one (1) year:

4.1 **Organization and Corporate Power** The Target is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Target possesses all requisite corporate power and authority necessary to own, lease and operate its properties, to carry on its businesses as now conducted and presently proposed to be conducted and to carry out the transactions contemplated by this Agreement.

4.2 **Authorization of Transactions; Title to Target Stock** The Target and the Shareholder have duly authorized, executed and delivered this Agreement. This Agreement constitutes a valid and binding obligation of the Target and the Shareholder, enforceable in accordance with its terms. The Shareholder hereby warrants that it is the only Shareholder of the Target, the Shareholder owns all of the capital stock of the Target and the Shareholder warrants that the Shareholder's shares of the Target Stock is (and on the Closing Date will be) free of any and all encumbrances, claims, options, calls and assessments in any form whatsoever and that the Shareholder's shares of the Target Stock may be transferred without any other action, pursuant to the terms of this Agreement.

4.3 **Capitalization** The authorized capital stock of the Target consists of 7,500 shares of common stock, par value \$1.00 per share, of which 100 shares are issued and outstanding. All of the Target Shares have been duly authorized and validly issued, and are fully paid and nonassessable. The Target has no outstanding stock or securities convertible or exchangeable for any shares of its capital stock or containing any profit participation features, nor does it have outstanding any rights or options to subscribe for or to purchase its capital stock or any stock or securities convertible into or exchangeable for its capital stock or any stock appreciation rights or phantom stock plans. The Target is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or any warrants, options or other rights to acquire its capital stock.

4.4 **Subsidiaries, Investments** The Target does not own or hold any rights to acquire any shares of stock or any other security or interest in any other Person and the Target has never had any Subsidiary.

4.5 **Financial Statements; Liabilities** Target shall deliver to Bavec prior to the Closing Date, the Target's unaudited balance sheet as of May 31, 2004 (the "Latest Balance Sheet") and the related statements of income for the latest 3 full calendar years. Each of the foregoing financial statements (including in all cases the notes thereto, if any) (the "Financial Statements") is accurate and complete, is prepared from the Target's books and records (which,

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in turn, are accurate and complete), presents fairly the Target's financial condition and results of operations as of the times and for the periods referred to therein.

4.6 **Assets** The Target owns and has good and marketable title to all of its respective properties and assets, free of all Liens and encumbrances.

4.7 **Leased Properties** The Target has entered into only one lease for real property, which property is located at 690 Lake Forest Boulevard, Sanford, FL 32771, and is the office of Target in Florida. A copy of the lease is attached hereto as Exhibit F (the "Lease").

4.8 **Taxes.** All federal, state and local tax returns and tax reports required to be filed with respect to the Target on or before the date of this Agreement have been and will have been timely filed with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed, if any; and (ii) all Taxes due from or with respect to the Target as of the date hereof and as of the Closing Date have been and will have been fully paid.

Section 5: Representations and Warranties of Bavec and Newco

As a material inducement to the Target and the Shareholder to enter into this Agreement, Bavec and Newco each hereby makes the following representations and warranties to the Target and the Shareholder as of the Closing Date, each of which is true and correct, and each of which shall survive the Closing:

5.1 **Organization, Good Standing and Qualification** Newco is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with all necessary power and authority to consummate the Merger with the Target as contemplated hereby.

5.2 **Authorization of Transactions; Binding Agreement** Newco is duly authorized to execute and deliver this Agreement. This Agreement constitutes a valid and binding obligation of Newco, enforceable in accordance with its terms. Bavec represents and warrants that he is and will be the only shareholder of Newco, and owns and will own all of the capital stock of Newco free and clear from any and all encumbrances, claims, options, calls and assessments in any form whatsoever, except for the Stock Pledge.

5.3 **Investment** Each of Bavec and Newco understand that the Target Stock has not been registered under the Securities Act or any state securities act and are being sold in reliance on an exemption for private offerings and may not be resold unless registered under all applicable securities laws or an exemption from registration is available; and that the Target does not intend to register the Target Stock and no assurance can be given that an exemption from registration is available; and that Newco is obtaining the Target Stock without being furnished any offering literature or prospectus other than the documents referred to herein. Newco will be acquiring ownership of the outstanding capital stock of the Target for its own account, for investment purposes only, and not with a view to the resale or distribution thereof. Each of Bavec and Newco acknowledges and is aware of the following:

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(a) There will be no market for the Target Stock, and accordingly, the undersigned may have to hold the Target Stock indefinitely, and it may not be possible for Newco to liquidate its investment in the Target or any part thereof;

(b) No federal or state agency has made any finding or determination as to the fairness of the offering of the Target Stock or any recommendation or endorsement of the Target Stock; and

(c) None of the following have been represented, guaranteed or warranted to Bavec or Newco by the Shareholder, the Target, its officers, directors, employees or agents or any other person, expressly or by implication: (i) the prior performance of the Target or any affiliate, or the operating results of any of the Shareholder's other companies will in any way indicate the predictable results of the ownership of the Target Stock or of the success of the overall business venture of the Target; and (ii) Bavec and Newco have consulted with their own tax attorney, accountant or advisor regarding the tax aspects of an investment in the Target and Bavec and Newco are aware that investment in the Target may not result in the receipt of any tax benefits.

5.4 **Licensed Real Estate Broker** Bavec represents and warrants to Target and Shareholder that he is a real estate broker licensed and in good standing in the State of Florida (Broker's License #BK3009690), that his license resides in Target, and will reside in Newco immediately after the Merger; and that no actions or omissions by Bavec or by any real estate agent employed by Target have occurred, and to Bavec's knowledge, there is no investigation by any governmental agency or authority, or any pending or threatened litigation, which could jeopardize Bavec's license or the ability of Newco to make the payments required under section 2.2 hereof.

Section 6: Covenants and Additional Agreements

6.1 **Exclusive Listing Agreement** The Target shall execute and deliver the Exclusive Listing Agreement at or before the Closing Date.

6.2 **Cooperation** The Target, the Shareholder and Newco shall each cooperate fully, completely and promptly with each other in connection with satisfying all conditions to, and effecting the transactions contemplated by, this Agreement.

6.3 **Representations and Warranties** Neither the Target, the Shareholder Bavec nor Newco shall cause or permit any of their respective representations and warranties made in this Agreement to be untrue or incomplete on the Closing Date or at any time prior thereto.

6.4 **Publicity** Except as expressly required by applicable law, without the prior written consent of all other Parties, no Party shall disclose or publish, or permit the disclosure or publication of, any information concerning the deal terms or purchase price of this Agreement, or the transactions contemplated by the Agreement, to any third party. Notwithstanding the foregoing, nothing herein shall prohibit Bavec from disclosing generally that he or an entity controlled by him has acquired the Target and will operate the business in the future.

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6.5 **2004 Tax Treatment** The parties hereby confirm and consent that the Target's income in respect of 2004 shall be the responsibility of and shall be determined based on actual income for that portion of 2004 through the Closing Date (the "**Target Tax Period**"), with the Target being deemed to have closed its books for such purposes on and as of the Closing Date. The Target shall pay all Taxes for the Target Tax Period and shall timely file a final tax return with the Internal Revenue Service for the Target Tax Period, which final tax return shall include all items of taxable income and expense resulting from the consummation of the transactions contemplated under this Agreement. Newco shall be responsible for the payment of all taxes and the preparing and filing of all tax returns after the expiration of the Target Tax Period.

6.6 **Cross Default.**

(a) The Parties hereto acknowledge that any material breach by Newco or Bavec hereunder that Newco and/or Bavec fails to cure within five (5) business days after receipt of written notice setting forth the specific material breach in detail from the Shareholder or OLFJV (provided, that if such material breach is the failure to make a monthly payment due hereunder, no written notice from Shareholder or OLFJV shall be required and such breach shall be deemed a default hereunder on the fifth (5th) day after such payment was due) shall also constitute a default: by Bavec under the terms of the Stock Pledge; by Tolaris under the terms of the Lot Purchase Contract and that certain Participating Builder Agreement of even date herewith among OLFJV, Tolaris and Target (the "**Tolaris Participating Builder Agreement**") (provided, however, any default hereunder that occurs solely due to the death of Bavec shall not constitute a default by Tolaris under the Lot Purchase Contract or the Tolaris Participating Builder Agreement); by Bavec under that certain Consulting Agreement of even date herewith between Bavec and OLFJV (the "**Consulting Agreement**"); and by Newco under the Exclusive Listing Agreement.

(b) The Parties also acknowledge and agree that any default: by Bavec under the terms of the Stock Pledge; by Tolaris under the terms of the Lot Purchase Contract or the Tolaris Participating Builder Agreement (including the death of Bavec); by Bavec under the Consulting Agreement; or by Newco under the Exclusive Listing Agreement, shall constitute a default hereunder.

6.7 **Inspection of Customer Records and Lot Contracts** The Shareholder shall afford Newco full and complete access to inspect and copy (at Newco's expense) all customer registrations and customer contracts relating to the sale of lots or improvements thereon by the Target or any other agreement relating to agreements or other documents executed by the Target, for a period of seven (7) years from the execution of same. Such access shall be provided during normal business hours upon reasonable prior written request of the Newco for any purpose reasonably related to the interest of Newco.

6.8 **Marketing** The Parties hereto acknowledge that the Target has, and after the Merger is consummated Newco shall have, an obligation to market the Lake Forest Subdivision and the NTS Original Lots, the Lots, the homes and improvements therein on behalf of OLFJV and any participating builders under contracts with them. The Shareholder hereby agrees to timely pay up to an aggregate of \$170,000, for marketing expenses incurred by Newco at any

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time prior to December 31, 2005 in connection with marketing the Lake Forest Subdivision and the NTS Original Lots, lots, homes and Improvements therein. The Shareholder shall make such payments in accordance with the policy that existed prior to the Merger, i.e., upon the submission of a written invoice or purchase order from Newco related to such marketing expenses, the Shareholder shall timely pay such amounts directly to the appropriate vendor.

6.9 Ownership; Management of Newco; Name of Newco Until the earlier of December 31, 2009, or the date on which Newco shall have paid to Shareholder the entire Purchase Price due under this Agreement, Bavec shall remain the president, sole director, sole shareholder and day-to-day manager of Newco. From the Effective Time of the Merger when Newco changes its name to "Lake Forest Realty, Inc." until December 31, 2004, Newco shall not change its name from "Lake Forest Realty, Inc." register or file a fictitious or assumed name certificate, or go by or use any other name.

Section 7: Conditions Precedent To Closing

7.1 Conditions Precedent to Newco's Performance The obligations of Newco to consummate the transactions contemplated by this Agreement are further subject to the satisfaction, at or before the Closing Date, of all the following conditions, any one or more of which may be waived in writing by Newco:

(a) Accuracy of Representations and Warranties. All representations and warranties made by the Shareholder in this Agreement and/or in any written statement delivered to Newco under this Agreement shall be true and correct in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of that date.

(b) Performance. The Target and the Shareholder shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by them on or before the Closing Date.

(c) Resolutions. Newco shall have received certified resolutions of the Board of Directors of Target and the Shareholder, in form reasonably satisfactory to counsel for Newco, authorizing the Target's execution, delivery and performance of this Agreement and the Merger, and all actions to be taken by the Target hereunder (including resolutions which (i) elect such persons as officers and directors of the Target and (ii) amend the Articles of Incorporation and By-laws of the Target, as shall be determined by Newco).

(d) Good Standing Certificates. The Shareholder shall have delivered to Newco a certificate issued by the Secretary of State of Florida, evidencing the good standing of the Target in Florida as of a date not more than thirty (30) calendar days prior to the Closing Date.

(e) Execution and Delivery of Articles of Merger. On or before the Closing Date, the Target shall have executed and delivered to Newco the appropriate Articles of Merger.

(f) Proceedings and Instruments Satisfactory. All proceedings, corporate or other, to be taken in connection with the transactions contemplated by this Agreement, and all

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documents incidental thereto, shall be reasonably satisfactory in form and substance to Newco and its counsel.

(g) Execution and Delivery of Other Agreements. On or before the Closing Date, the parties shall have executed and/or received all Other Agreements.

7.2 Conditions Precedent to the Target's and the Shareholder's Performance

The obligations of the Target to consummate the Merger and of the Shareholder to consummate the transactions contemplated by this Agreement are further subject to the satisfaction, at or before the Closing Date, of all of the following conditions, any one or more of which may be waived in writing by the Shareholder:

(a) Accuracy of Representations and Warranties. All representations and warranties made by Newco in this Agreement and/or in any written statement delivered by Newco under this Agreement shall be true and correct in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of that date.

(b) Performance. Newco shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by Newco on or before the Closing Date.

(c) Certification. The Shareholder shall have received a certificate, dated the Closing Date, signed by Newco certifying, in such detail as the Shareholder and their counsel may reasonably request, that the conditions specified in Sections 7.2(a) and 7.2(b) above have been fulfilled.

(d) Resolutions. The Shareholder shall have received certified resolutions of the Board of Directors of Newco, in form reasonably satisfactory to counsel for the Shareholder, authorizing the Merger and Newco's execution, delivery and performance of this Agreement and all actions to be taken by Newco hereunder.

(e) Execution and Delivery of Exhibits. Newco shall have executed and delivered to the Target the Articles of Merger.

(f) Proceedings and Instruments Satisfactory. All proceedings to be taken in connection with the transactions contemplated by this Agreement, and all documents incidental thereto, shall be reasonably satisfactory in form and substance to the Shareholder and its counsel.

Section 8: Indemnification

8.1 **Indemnification by the Shareholder** For a period of two (2) years following the Closing Date, the Shareholder hereby agrees to indemnify and hold harmless Newco and Bavec against and in respect of any loss, claim, liability, obligation or damage which Newco or Bavec may suffer or incur resulting from or arising in connection with Target's failure to have paid any Taxes or filed any required tax returns.

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8.2 **Indemnification by Newco and Bavec.** Newco and Bavec each hereby agree to indemnify and hold harmless Shareholder and its Affiliates against and in respect of any loss, claim, liability, obligation or damage which Shareholder and/or its Affiliates may suffer or incur as a result of or in connection with: (i) the breach of the representations or warranties contained in Section 5, (ii) any breach or non-fulfillment of any covenant or agreement on the part of Newco or Bavec and contained in this Agreement or any of the documents executed in connection with the Merger, and (iii) the ownership, operation, business, or conduct of Newco or Bavec from and after the date of Closing.

Section 9: General Provisions

9.1 **Further Assurances** The Parties agree that, from time to time hereafter, and upon request, each of them will execute, acknowledge and deliver such other instruments as may be reasonably required to more effectively carry out this Agreement's terms and conditions.

9.2 **Access to Information** All Parties agree to provide reasonable access to their books, records, and properties prior to Closing and agree to fully cooperate by making necessary introductions and assisting in the collection of whatever information is required.

9.3 **Binding Effect; Assignment** The rights and obligations of this Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing expressed or implied herein shall be construed to give any other person any legal or equitable rights hereunder. Neither this Agreement nor the rights or obligations of Newco or Bavec may be assigned without the prior written consent of Shareholder, which may be granted or withheld in Shareholder's sole and absolute discretion. Shareholder may assign its right to payments, but not its obligations in connection with the Merger, to any Person without the consent of either Newco or Bavec.

9.4 **Severability** In the event that any provision or any portion of any provision of this Agreement shall be held invalid, illegal or unenforceable under applicable law, such provision or portion of the Agreement shall be stricken and the remainder of this Agreement shall remain valid and enforceable, unless such invalidity, illegality or unenforceability substantially diminishes the rights and obligations, taken as a whole, of any party hereunder.

9.5 **Attorneys' Fees** In the event any Party brings an action or proceeding against the other arising out of the terms of this Agreement, the prevailing party (whether such prevailing party has been awarded a money judgment or not) shall receive from the other party (and the other party shall be obligated to pay) the prevailing party's reasonable legal fees and expenses (including the fees and expenses of experts and para-professionals), whether such fees and expenses are incurred before, during or after any trial, re-trial, re-hearing, mediation or arbitration, administrative proceedings, appeals or bankruptcy or insolvency proceedings, and irrespective of whether the prevailing party would have been entitled to such fees and expenses under applicable law in the absence of this Section. Without limiting the generality of the foregoing, the term "**expenses**" shall include expert witness fees, bonds, filing fees, administrative fees, transcriptions, depositions or proceedings, costs of discovery and travel costs. The term "**prevailing party**" as used in this Section shall mean that Party whose positions

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substantially prevail in such action or proceeding, and any action or proceeding brought by either Party against the other as contemplated in this Section may include a plea or request for judicial determination of the "prevailing party" within the meaning of this Section. In the event neither Party substantially prevails in its positions in such action or proceeding, the court may rule that neither Party has so substantially prevailed, in which event each Party shall be responsible for its own fees and expenses in connection therewith. In addition, the fees and expenses for the services of "in-house" counsel (if any) shall be included within the prevailing party's fees and expenses as fully as if such in-house legal services were provided by an "outside" attorney or law firm as contemplated within this Section, irrespective of whether "outside" legal services are obtained in connection with such matter. The fees and expenses on the part of in-house counsel as aforesaid shall be determined based upon the prevailing hourly rates, fees and expenses for an attorney(s) of comparable experience in the Orlando, Florida area.

9.6 Governing Law. The validity, interpretation and enforcement of this Agreement shall be governed by, and construed and enforced in accordance with the local laws of the State of Florida without giving effect to its conflicts of laws provisions, and to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or special proceeding may be instituted.

9.7 Exclusive Jurisdiction; Venue EACH PARTY HERETO AGREES TO SUBMIT TO THE EXCLUSIVE PERSONAL JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN SEMINOLE COUNTY, FLORIDA, FOR RESOLUTION OF ALL DISPUTES ARISING OUT OF, IN CONNECTION WITH, OR BY REASON OF THE INTERPRETATION, CONSTRUCTION, AND ENFORCEMENT OF THIS AGREEMENT, AND HEREBY WAIVES THE CLAIM OR DEFENSE THEREIN THAT SUCH COURTS CONSTITUTE AN INCONVENIENT FORUM.

9.8 Waiver of Jury Trial AS A MATERIAL INDUCEMENT FOR THIS AGREEMENT, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY OF ANY ISSUES SO TRIABLE.

9.9 Notices Any notice, demand, request, offer, consent, approval or communications (collectively, a "Notice") to be provided under this Agreement shall be in writing and sent by one of the following methods: (i) postage prepaid, United States certified or registered mail with a return receipt requested, addressed to Newco, Bavec, Shareholder or Target, as appropriate, at the addresses set forth below; (ii) overnight delivery with a nationally recognized and reputable air courier (with electronic tracking requested) addressed to Newco, Bavec, Shareholder or Target, as appropriate, at the addresses set forth below; (iii) personal delivery to Newco, Bavec, Shareholder or Target, as appropriate, at the addresses set forth below; or (iv) by confirmed facsimile or telecopier transmission to Newco, Bavec, Shareholder or Target as appropriate, at the facsimile numbers set forth below and in such case of facsimile transmission, a copy must also be contemporaneously sent by one of the methods described in the preceding clause (i), (ii) or (iii) of this Section (it being understood and agreed, however, that such Notice shall be deemed received upon receipt of electronic transmission). Any such Notice shall be deemed given upon receipt thereof, or, in case of any Notice sent pursuant to clause (i),

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(ii) or (iii) above, the refusal thereof by the intended recipient. Notwithstanding the foregoing, in the event any Notice is sent by overnight delivery or personal delivery and it is received (or delivery is attempted) during non-business hours (i.e., other than during 8:30 a.m. to 5:30 p.m. [EST/EDT] Monday through Friday, excluding holidays), then such Notice shall not be deemed to have been received until the next business day. Any Party may designate a different address for receiving Notices hereunder by notice to the other Party in accordance with the provisions of this Section. Further notwithstanding the foregoing, if any Notice is sent by either Party hereto to the other and such Notice has not been sent in compliance with this Section but has in fact actually been received by the other Party, then such Notice shall be deemed to have been duly given by the sending Party and received by the recipient Party effective as of such date of actual receipt.

As to Newco and/or Bavec:

690 Lake Forest Boulevard
Lake Forest, Florida 32771
Attention: Richard D. Bavec
Telephone: (407) 322-5253
Telecopy: (407) 328-5286

With a copy to:

Greenberg Traurig, P.A.
450 South Orange Avenue, Suite 650
Orlando, Florida 32801
Attention: Frank S. Ioppolo, Jr., Esq.
Telephone: (407) 420-1000
Telecopy: (407) 420-5909

As to the Target and/or the Shareholder:

NTS Development Company
10172 Linn Station Road
Louisville, Kentucky 40223
Attention: Brian F. Lavin, President
Telephone: (502) 426-4800
Telecopy: (502) 426-4994

With a copy to:

Rosann D. Tafel, Esq.
Vice President and Corporate Counsel
NTS Development Company
10172 Linn Station Road
Louisville, Kentucky 40223
Telephone: (502) 426-4800
Telecopy: (502) 426-4994

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Notwithstanding anything in this Section to the contrary, any Notice delivered in accordance herewith to the last designated address of any person or party to which a Notice may be or is required to be delivered pursuant to this Agreement shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the Notice is directed or the failure or refusal of such person or party to accept delivery of the Notice.

9.10 Expenses Except as otherwise provided herein, the parties shall pay their own fees and expenses, including their own counsel fees, incurred in connection with this Agreement or any transaction contemplated hereby.

9.11 Counterparts This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument. A telecopy signature of any party shall be considered to have the same binding legal effect as an original signature.

9.12 Headings The Section headings used in this Agreement and the titles of the schedules and exhibits hereto are included for purposes of convenience only, and shall not affect the construction or interpretation of any of the provisions hereof or of the information set forth in such schedules or exhibits.

9.13 Amendment; Waiver This Agreement may not be modified, amended, supplemented, canceled or discharged, except by written instrument executed by all Parties. No failure to exercise and no delay in exercising, any right, power or privilege under this Agreement shall not operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other except as may be specifically limited herein.

9.14 Entire Agreement; No Third-Party Beneficiaries This Agreement (including the exhibits and schedules attached hereto) and other documents delivered at the Closing pursuant hereto, contain the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. The parties agree that prior drafts of this Agreement shall not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the parties with respect thereto. The exhibits and schedules constitute a part hereof as though set forth in full above. This Agreement is not intended to confer upon any Person, other than the Parties hereto, any rights or remedies hereunder.

9.15 Rules of Interpretation Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto: (i) the singular includes the plural and plural

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includes the singular; (ii) "or" is not exclusive and "include" and "including" are not limiting; (iii) a reference to any agreement or other contract includes any permitted supplements and amendments; (iv) a reference to a section or paragraph in this Agreement shall, unless the context clearly indicates to the contrary, refer to all sub-parts or sub-components of any said section or paragraph; (v) words such as "hereunder", "hereto", "hereof", and "herein", and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular clause hereof; (vi) the headings of the articles or sections and the ordering or position thereof are for convenience only and shall not in any way be deemed to affect the meaning of this Agreement; and (vii) any reference in this Agreement to a "**Business Day**" shall include each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which national banks in Orlando, Florida are closed

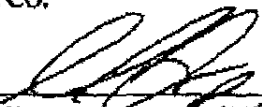
9.16 **Construction** The Parties agree and acknowledge that they have jointly participated in the negotiation and drafting of this Agreement and that this Agreement has been fully reviewed and negotiated by the Parties and their respective counsel. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumptions or burdens of proof shall arise favoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise

[Signature page follows]


IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

"Newco"

REALTYI, Co.

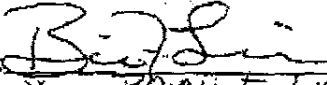
By: 
Print Name: Brian D. Bayec
Title: President

"Bayec"


RICHARD D. BAYEC


"Target"

LAKE FOREST REALTY, INC.

By: 
Print Name: BRIAN F. LAVIN
Title: PRESIDENT

"Shareholder"

NTS DEVELOPMENT COMPANY

By: 
Print Name: BRIAN F. LAVIN
Title: PRESIDENT

16/7/04