

KITTY HAWK KITES, INC.

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Post Office Box 1839
Nags Head, NC 27959

Physical:
306 K Westlake Drive
Kill Devil Hills, NC 27948

Phone: 252-441-1719 ext. 29
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SHORT TERM RESIDENTIAL RENTAL CONTRACT

IN CONSIDERATION of the rent reserved herein and mutual promises each to the other made, Kitty Hawk Kites, Inc., (hereinafter "Landlord") hereby leases and rents to _____ (hereinafter "Tenant") the following described property (hereinafter the "Premises") in accordance with the following terms and conditions:

1. The Premises. Located in the Town of _____, County of Dare, County of Currituck, State of North Carolina, being known as and more particularly described as: _____.

2. Term. The term of this lease shall be for twelve (12) weeks, commencing at noon on _____ and expiring at noon on _____ (the "Initial Term"). If the Tenant holds over beyond the Initial Term, the tenancy shall automatically become a Week to Week tenancy upon the same terms and conditions contained herein and may thereafter be terminated by either Landlord or Tenant by giving the other 72 hours written notice prior to the last day of the then current period of the tenancy.

3. Rent. Tenant shall pay in advance, without notice, demand or deduction to Landlord, or as Landlord directs, rent in the amount of \$_____ for the twelve (12) weeks lease term payable in biweekly installments of \$_____. Advance rent for the first four weeks and the last two weeks in the total amount of \$_____ shall be due and delivered to Landlord prior to commencing the Initial Term and payable in the form of a money order, certified or cashier's check. Thereafter rent shall be paid by a payroll deduction from earned wages due Tenant during the lease term. Tenant authorizes Landlord to deduct rent due from wages earned by Tenant, and Tenant agrees to pay the difference between the rent due and the rent payroll deduction if the deduction is less than the rent due. The rent difference shall be paid in the manner set forth herein for rent.

Holdover tenancy rent must be paid at the business office of Lessor on the due date between the hours of 10:00 am and 4:00 pm. No personal checks will be accepted. A late payment must include the late payment fee set forth in paragraph 23 herein.

4. Security Deposit. The Tenant shall deposit with the Landlord on or before the commencement date of the lease term the sum of \$_____ as security for the full

and faithful performance by the Tenant of all the terms of this lease required to be performed by the Tenant and the Security Deposit will be administered in accordance with the Tenant Security Deposit Act (NCGS Section 42-50 et seq). The Landlord will deposit the security deposit in a interest bearing trust account with Centura Bank located at 2619 South Croatan Highway, Nags Head, North Carolina.

THE TENANT SECURITY DEPOSIT MAY, IN THE DISCRETION OF THE LANDLORD, BE DEPOSITED IN AN INTEREST BEARING ACCOUNT WITH THE BANK OR SAVINGS INSTITUTION NAMED ABOVE. ANY INTEREST EARNED UPON THE TENANT SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, THE LANDLORD, OR AS THE LANDLORD DIRECTS, SUCH INTEREST, IF ANY, MAY BE WITHDRAWN BY LANDLORD FROM SUCH ACCOUNT AS IT ACCRUES AS OFTEN AS IS PERMITTED BY THE TERMS OF THE ACCOUNT.

Upon termination of the tenancy herein created, the Landlord may deduct from the Security Deposit amounts sufficient to pay: (1) any damages sustained by the Landlord as a result of the Tenant's nonpayment of rent or non-fulfillment of the Initial Term or any renewal periods, including the Tenant's failure to enter into possession; (2) any damages to the Premises for which the Tenant is responsible; (3) any unpaid bills which become a lien against the Premises due to the Tenant's occupancy; (4) any costs of re-renting the Premises after a breach of this Lease by the Tenant; (5) any court costs incurred by the Landlord in connection with terminating the tenancy; and (6) any other damages of the Landlord which are authorized as deductions from the Security Deposit under the laws of this state. After having deducted the above amounts, the Landlord shall, if the Tenant's address is known to him, refund to the Tenant (within thirty (30) days after the termination of the tenancy and delivery of possession) the balance of the Security Deposit along with an itemized statement of any deductions. If the Tenant's address is unknown to the Landlord, then the Landlord may deduct the above amounts and shall then hold the balance of the Security Deposit for the Tenant's collection for a six (6) month period beginning upon the termination of the tenancy and delivery of possession by the Tenant. If the Tenant fails to make demand for the balance of the Security Deposit within the six (6) month period, the Landlord shall not be liable thereafter to the Tenant for a refund of the Security Deposit or any part thereof.

5. Tenant's Default. In the event the Tenant shall: (a) fail to pay the rental payment as and when it shall become due; or (b) fail to perform any other promise, duty, or obligation herein agreed to by the Tenant or imposed upon him by law, and such failure shall continue for a period of five (5) days from the date the Landlord provides the Tenant with written notice of such failure, then in either of such events and as often as either of them occur, the Landlord, in addition to all other rights and remedies provided by law, may, at his option and with or without notice to the Tenant, either (a) terminate this Lease or (b) terminate the Tenant's right to possession of the Premises without terminating this Lease. Regardless of whether the Landlord terminates this Lease or only terminates the Tenant's right of possession without terminating this Lease, the Landlord shall be immediately entitled to possession of the Premises and the Tenant shall peacefully surrender possession of the Premises to the Landlord immediately upon the Landlord's demand. In the event the Tenant shall fail or refuse to surrender possession of the Premises, the Landlord shall, in compliance with Article 2A of Chapter 42 of the General

Statutes of North Carolina, reenter and retake possession of the Premises only through a summary ejectment proceeding. In the event the Landlord terminates this Lease, all further rights and duties hereunder shall terminate and the Landlord shall be entitled to collect from the Tenant all accrued but unpaid rents and any damages resulting from the Tenant's breach. In the event the Landlord terminates the Tenant's right of possession without terminating this Lease, the Tenant shall remain liable for the full performance of all the covenants hereof, and the Landlord shall use reasonable efforts to re-let the Premises on the Tenant's behalf. Any such rentals reserved from such re-letting shall be applied first to the cost of re-letting the Premises and then to the rentals due hereunder. In the event the rentals from such re-letting are insufficient to pay the rentals due hereunder in full, the Tenant shall be liable to the Landlord for any deficiency. In the event the Landlord institutes a legal action against the Tenant to enforce the Lease or to recover any sums due hereunder, the Tenant agrees to pay the Landlord reasonable attorney's fees in addition to all other damages.

6. Landlord's Default, Limitation of Remedies and Damages. Until the Tenant notifies the Landlord in writing of an alleged default and affords the Landlord a reasonable time within which to cure it, no default by the Landlord in the performance of any of the promises or obligations herein agreed to by him or imposed upon him by law shall constitute a material breach of this Lease and the Tenant shall have no right to terminate this Lease for any such default or suspend his performance hereunder. In no event and regardless of their duration shall any defective condition of or failure to repair, maintain, or provide any area, fixture or facility used in connection with recreation or recreational activities, including but not limited to swimming pools, club houses and tennis courts, constitute a material breach of this Lease and the Tenant shall have the right to terminate this Lease or to suspend his performance hereunder. In any legal action instituted by the Tenant against the Landlord whether for partial or material breach or breaches of this Lease or any obligation imposed by law upon the Landlord, unless such breach or breaches shall constitute willful or wanton negligence on the part of the Landlord, the Tenant's damages shall be limited to the difference, if any, between the rent reserved in this Lease and the reasonable rental value of the Premises, taking into account the Landlord's breach or breaches, and in no event, except in the case of the Landlord's willful or wanton negligence, shall the Tenant collect any consequential or secondary damages resulting from the breach or breaches, including but not limited to the following items: damage or destruction of furniture or other personal property of any kind located in or about the premises, moving expenses, storage expenses, alternative interim housing expenses, and expenses of locating and procuring alternative housing.

7. Rules and Regulations. The Tenant, his family, servants, guest and agents shall comply with and abide by all the Landlord's existing rules and regulations and such future reasonable rules and regulations as the Landlord may from time to time at his discretion adopt, governing the use and occupancy of the Premises and any common areas used in connection with them (the "Rules and Regulations" and "Resident Guide" attached). A copy of the existing Rules and Regulations is attached hereto and Tenant acknowledges that he has read them. The Rules and Regulations shall be deemed to be part of this Agreement and a violation of any of them shall constitute a breach of this Agreement giving the Landlord all the rights and remedies herein provided. In the event of conflict between the provisions of the Agreement and the Rules and Regulation, the Rules and Regulations shall govern.

8. Assignment. The Tenant shall not assign this Agreement or sublet the premises in whole or in part.

9. Pets. NO PETS! The Tenant shall not keep and harbor in or about the premises any animals or pets of any kind including, but not limited to dogs, cats, birds and marine animals. If a pet is found on the property, tenant will be charged twenty-five dollars (\$25.00) per day until the pet is removed. In addition, Tenant shall promptly pay any cleaning or extermination expense incurred by Landlord as a result of a violation of this paragraph.

10. Termination. In addition to all other termination rights created by reasons of the Tenant's default hereunder, the Landlord may without cause terminate the tenancy during the Initial Term or during any extensions or holdover periods by giving written notice to the tenant seventy-two (72) hours prior to the desired termination date. Tenant may not terminate the tenancy during the Initial Term but may terminate the tenancy thereafter as provided in paragraph 2 above.

11. Tenant's Duties upon Termination. Upon termination of the Tenancy created hereby whether by the Landlord or the Tenant and whether for breach or otherwise, the Tenant shall: (1) pay all utility bills due for services to the Premises for which he is responsible and have all such utility services discontinued; (2) vacate the Premises removing therefrom all his personal property of whatever nature; (3) properly sweep and clean the Premises, including the yard, plumbing fixtures, refrigerators, stoves and sinks, removing therefrom all rubbish, trash and refuse; (4) make such repairs and perform such other acts as are necessary to return the Premises, and any appliances or fixtures furnished in connection therewith, in the same condition as when this Agreement was executed, ordinary wear and tear excepted; (5) fasten and lock all doors and windows; (6) return to the Landlord the keys to the Premises and (7) notify the Landlord of the address to which the balance of the Security Deposit may be returned. If the Tenant fails to sweep out and clean the Premises, appliances and fixtures as herein provided, he shall become liable, without notice or demand, to the Landlord for a cleaning fee in an amount to be determined upon inspection of the Premises.

12. Acceptance of Premises. The Tenant acknowledges that he/she has inspected the Premises and he/she agrees that the Premises and any common areas used in connection with them are in a fit and habitable condition and, where applicable, that the electrical, plumbing, sanitary, heating ventilation, air conditioning and other appliances furnished with the Premises are in good and proper working order. The Tenant acknowledges that no representation as to the condition or state of repair of the Premises has been made.

13. Permitted Occupants. The Tenant shall not allow or permit the Premises to be occupied by any person other than himself and the following persons listed on the attached page. The Landlord shall have the right, in Landlord's sole discretion, to evict any Tenant who allows a guest to remain overnight on the Premises without the written consent of the Landlord. With the Landlord's prior written consent, immediate family members may stay over one night with the Tenant. Tenant must obtain the written consent of each Tenant in the house to the immediate family member staying overnight before submitting the written request for consent to the Landlord. No immediate family members will be permitted to stay overnight with Tenant unless

all the other tenants have given their consent. There will be a charge of \$50.00 per person per night, for any overnight guests. Maximum occupancy for this dwelling is _____ people.

14. Water and Electricity. Utilities are included up to \$25.00 per month each. Tenants are responsible for obtaining their own personal property, liability and car insurance. If Landlord provides local telephone service, then Tenant agrees to pay Landlord the costs of said service each month (prorated for less than a month) in addition to the rent provided in paragraph 3. The Landlord shall have the right to deduct the cost of Tenant's local telephone service from Tenant's security deposit if Tenant has not paid the balance of the local telephone service cost upon termination of the lease.

15. Alterations. The Tenant shall neither paint nor decorate the Premises or make any alterations, additions, or improvements in or to the Premises without the Landlord's prior written consent and then only in a workmanlike manner using materials and contractors approved by the Landlord. All such work shall be done at the Tenant's expense and at such times and in such manner as the Landlord may approve. All alterations, additions, and improvements upon the Premises, made by either the Landlord or the Tenant, shall become the property of the Landlord and shall remain upon and become a part of the Premises at the end of the tenancy created hereby.

16. Waiver. No waiver of any breach of any obligation or promise contained herein shall be regarded as a waiver of any future breach of the same or any other obligation or promise.

17. Notice. Any notices required or authorized to be given hereunder or pursuant to applicable law shall be mailed or hand delivered to the following addresses:

Tenant: _____

Landlord: Kitty Hawk Kites, Inc.
Post Office Box 1839
Nags Head, North Carolina 27959

Tenant must notify Landlord in writing of a change of address.

18. Eminent Domain and Casualties. The Landlord shall have the opportunity to terminate this Lease if the Premises, or any part thereof, are condemned or sold in lieu of condemnation or damaged by fire or other casualty.

19. Tenant's Insurance, Release and Indemnity Terms. The Tenant shall be solely responsible for insuring any of his personal property located or stored upon the Premises against the risk of damage, destruction, or loss resulting from theft, fire, storm and all other hazards and casualties. Regardless of whether the Tenant secures such insurance, the Landlord and his agents shall not be liable for any damage to, or destruction or loss of, any of the Tenant's personal

property located or stored upon the Premises, regardless of the cause of such damage, destruction, or loss, unless loss or destruction is attributable to the intentional, willful or wanton negligence of the Landlord. The Tenant agrees to release and indemnify the Landlord and his agents from and against liability for injury to the person of the Tenant or any members of his household resulting from any cause whatsoever except only such personal injury caused by the negligent or intentional acts of the Landlord or his agents.

20. Removal, Storage and Disposition of Tenant's Personal Property.

A. If the Tenant shall at any time vacate the Premises leaving personal property thereon with a total value of less than \$100.00, then such personal property shall be deemed abandoned five (5) days after the Tenant has vacated the Premises. The Landlord may then remove such personal property from the Premises and donate it to any kind of charitable institution or organization without liability to the Tenant whether for trespass, conversion or otherwise. In addition, if (a) the Tenant has vacated the Premises for twenty-one (21) days or more after the expiration of any period for which rent has been paid or (b) if the Landlord has obtained a judgment for possession of the Premises which is executable and the Tenant has vacated the Premises, then in either of these events the Landlord may, without liability to the Tenant of any kind whether for trespass, conversion, or otherwise, remove any and all personal property then remaining on the Premises and store the same on the Tenant's behalf and at the Tenant's sole expense. The Landlord shall be entitled to recover from the Tenant any and all reasonable costs incurred in connection with removing and storing such personal property. The Landlord shall, pursuant to North Carolina General Statute Section 44A-2(e), have, and the Tenant hereby grants the Landlord, a security interest in any such personal property to which the Tenant has legal title which remains on the Premises if the Tenant has vacated the Premises for twenty-one (21) or more days after any paid rental period has expired and if the Landlord has lawful claim hereunder against the Tenant for damages. The security interest shall secure the full payment of all sums due the Landlord hereunder to the extent permitted by North Carolina General Statute Section 44A-2(e) and shall be enforced at public sale as therein provided.

B. As an alternative to the procedure, if the Tenant abandons personal property of a value of five hundred dollars (\$500.00) or less or fails to remove such personal property at the time of an execution of writ of possession for the Premises in an action for summary ejection brought by the Landlord, the Landlord may, without liability to the Tenant of any kind, whether for trespass, conversion or otherwise, remove and deliver the personal property into the custody of a non-profit organization regularly providing free, or at a nominal price, clothing and household furnishings to people in need, upon that organization agreeing to identify and separately store the property for thirty (30) days and to release it to the Tenant at no charge within the thirty day period. If the Landlord elects to use the procedure set forth in this subparagraph (b), it shall post a notice at the Premises containing the name and address of the non-profit organization receiving the property and send a copy of such notice by first class mail to the Tenant at this last known address. Such notice need not contain a description of the property. For purposes of this subparagraph (b), personal property shall be deemed abandoned if the Landlord finds evidence that clearly shows the Premises have been voluntarily vacated after the paid rental period has expired and the Landlord has no notice of a disability that caused the vacancy. The Tenant shall be presumed to have vacated the Premises ten (10) or more days after

the Owner has posted conspicuously a notice of suspected abandonment both inside and outside the Premises and has received no response from the Tenant.

21. Bankruptcy. If bankruptcy or insolvency proceedings are filed by or against the Tenant or if the Tenant makes any assignment for the benefit of creditors, the Landlord may, at his option, immediately terminate this Tenancy, and reenter and repossess the Premises, subject to the provisions of the Bankruptcy Code (11 USC Section 101, et seq.) and the order of any court having jurisdiction thereunder.

22. Amendment of Laws. In the event that subsequent to the execution of this Lease a state statute regulating or affecting any duty or obligation imposed upon the Landlord pursuant to this Lease is enacted, amended or repealed, the Landlord may, at his option, elect to perform in accordance with such statute, amendment or act of repeal in lieu of complying with the analogous provision of this Lease.

23. Late Payment and Return Check Fees. There shall be a late payment fee on any rental payment not received by the sixth (6th) day after it is due. The late payment fee shall be five percent (5%) of the rental payment or fifteen dollars (\$15.00), whichever is greater. This late payment fee shall be due immediately, without demand thereof and shall be added to and paid with the late rental payment. Tenant also agrees to pay a twenty-five dollar (\$25.00) processing fee for each check of the Tenants that is returned by the financial institution because of insufficient funds or because the Tenant did not have an account at the financial institution.

24. Termination by Tenant. Except as may otherwise be provided herein, the Tenant may not terminate the Tenancy during the Initial Term of this lease, but may terminate the Tenancy thereafter as provided herein.

IN WITNESS WHEREOF, the parties have executed this agreement this the _____ day of _____, _____.

_____		<u>Kitty Hawk Kites, Inc.</u>	_____
Tenant's <u>Printed Name</u>	Date	Landlord	Date

_____		_____	
Tenant's <u>Signature</u>	Date	By: Authorized Agent	Date

<u>Tenant's Mailing Address:</u>	<u>Landlord Mailing Address:</u>
_____	Post Office Box 1839
_____	Nags Head, NC 27959