

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into this 1st day of June, 1998, by and between Guy Reed Croteau whose mailing address is 4621 Great Oak Road, Rockville, MD 22853 (hereinafter referred to as "Landlord") and Timberville Electronics, Inc mailing address being P.O. Box 202 Timberville, VA 22853 (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord is the fee owner of certain real property being, building and 100'x200' lot the building stands on, lying and situated in Rockingham County, VA 22853 such real property having a street address of 297 New Market Road Timberville, VA 22853.

WHEREAS, Landlord is desirous of leasing the Premises to Tenant upon the terms and conditions as contained herein; and

WHEREAS, Tenant is desirous of renting the Premises from Landlord on the terms and conditions as contained herein:

NOW, THEREFORE, for and in consideration of the sum of ONE DOLLARS (\$1.00), the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. TERM. Landlord leases to Tenant and Tenant rents from Landlord the above described Premises together with any and all appurtenances thereto, for a term of 10 years, such term beginning on June 15th 1998, and ending at 12 o'clock midnight on June 14th 2008.

2. RENT. The total rent for the term hereof is the sum of ONE HUNDRED FIFTY TTHOUSAND DOLLARS (\$150,000.00) payable on the 15th day of each month of the term, in equal installments of Twelve Hundred Fifty Dollars (\$1,250.00) first installment to be paid June 15th 1998. All such payments shall be made to Landlord at Landlord's designated address on or before the due date and without demand.

3. DEPOSIT. No Security or damage deposit required or held by the Landlord.

4. USE OF PREMISES. Tenant shall use the Premises as sales and service of electronic equipment and other related items. Tenant shall comply with any and all laws, ordinances, rules and orders of any and all governmental or quasi-governmental authorities affecting the use, occupancy and preservation of the Premises.

5. CONDITION OF PREMISES. Tenant stipulates, represents and warrants that Tenant has examined the Premises, and that they are at the time of this Agreement in good order, repair, and in a safe, clean and tenantable condition.

6. ASSIGNMENT AND SUB-LETTING. Tenant shall not assign this Agreement or sub-let or grant any license to use the Premises or any part thereof without the prior written consent of Landlord. A consent by Landlord to one such assignment, sub-letting or license shall not be deemed to be a consent to any subsequent assignment, sub-letting or license. An assignment, sub-letting or license without the prior written consent of Landlord or an assignment or sub-letting by operation of law shall be absolutely null and void and shall, at Landlord's option, terminate this Agreement.

7. ALTERATIONS AND IMPROVEMENTS. Tenant shall make no alterations to the buildings or improvements on the Premises or construct any building or make any other improvements on the Premises without the prior written consent of Landlord. Any and all alterations, changes, and/or improvements built, constructed or placed on the Premises by Tenant shall, unless otherwise provided by written agreement between Landlord and Tenant, be and become the property of Landlord and remain on the Premises at the expiration or earlier termination of this Agreement.

8. HAZARDOUS MATERIALS. Tenant shall not keep on the Premises any item of a dangerous, flammable or explosive character that might unreasonably increase the danger of fire or explosion on the Premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

9. UTILITIES. Tenant shall be responsible for arranging for and paying for all utility services required on the Premises.

10. MAINTENANCE AND REPAIR. Tenant Shall, at its sole expense, keep and maintain the Premises and appurtenances in good condition and repair during the term of this Agreement and any renewal thereof.

11. INDEMNIFICATION AND INSURANCE. Tenant shall indemnify Landlord and save Landlord harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Tenant of the Premises or any part thereof or any other part of Landlord's property, or occasioned wholly or in part by any act or omission of Tenant, his agents, contractors, or employees. Tenant agrees to maintain at its own expense so long as Tenant occupies the Premises public liability insurance with respect to the Premises with minimum limits of \$1,000,000.00. Additionally, the Tenant shall maintain at its own expense an all risk insurance policy covering the replacement cost of the building and its contents. Tenant will further deposit the policies of such insurance or certificates thereof with Landlord. All policies evidencing such insurance shall name Landlord or its designators as additional insured.

12. INSPECTION OF PREMISES. Landlord and Landlord's agents shall have the right at all reasonable times during the term of this Agreement and any renewal thereof to enter the

Premises for the purpose of inspecting the Premises and all buildings and improvements thereon. And for the purposes of making any repairs, additions or alterations as may be deemed appropriate by Landlord for the preservation of the Premises or the building. Landlord and its agents shall further have the right to exhibit the Premises and to display the usual "for sale", "for rent" or "vacancy" signs on the Premises at any time within sixty (60) days before the expiration of this Agreement. The right of entry shall likewise exist for the purpose of removing placards, signs, fixtures, alterations or additions, that do not conform to this Agreement or to any restrictions, rules or regulations affecting the Premises.

13. SUBORDINATION OF AGREEMENT. This Agreement and Tenant's interest hereunder are and shall be subordinate, junior and inferior to any and all mortgages, liens or encumbrances now or hereafter placed on the Premises by Landlord, all advances made under any such mortgages, liens or encumbrances (including, but not limited to, future advances), the interest payable on such mortgages, liens or encumbrances and any and all renewals, extensions or modifications of such mortgages, liens or encumbrances.

14. TENANT'S HOLD OVER. If Tenant remains in possession of the Premises with the consent of Landlord after the natural expiration of this Agreement, a new tenancy from month-to-month shall be created between Landlord and Tenant which shall be subject to all of the terms and conditions hereof except that rent shall then be due and owing at TWO THOUSAND DOLLARS (\$2,000.00) per month and except that such tenancy shall be terminable upon thirty (30) days written notice served by either party.

15. SURRENDER OF PREMISES. Upon the expiration of the term or termination hereof, Tenant shall surrender the Premises in as good a state and condition as they were at the commencement of this Agreement.

16. DEFAULT. If Tenant fails to comply with any of the material provisions of this Agreement, other than the covenant to pay rent, or of any present rules and regulations or any that may be hereafter prescribed by Landlord, or materially fails to comply with any duties imposed on Tenant by statute, within seven (7) days after delivery of written notice by Landlord specifying the non-compliance and indicating the intention of Landlord to terminate the Agreement by reason thereof, Landlord may terminate this Agreement.

If Tenant fails to pay rent when due and the default continues for seven (7) days thereafter, Landlord may, at Landlord's option, declare the entire balance of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to Landlord at law or in equity or may immediately terminate this Agreement.

17. EFFECT OF DEFAULT OR TERMINATION. Upon termination or default of this Agreement for any reason the Landlord may, at Landlord's option, declare the entire balance of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to Landlord at law or in equity.

18. LATE CHARGE. In the event that any payment required to be paid by Tenant hereunder is not made within three (3) days of when due, Tenant shall pay to Landlord, in

addition to such payment or other charges due hereunder, a "late fee" in the amount of One Hundred and Twenty Dollars (\$125.00).

19. ABANDONMENT. If at any time during the term of this Agreement Tenant abandons the Premises or any part thereof, Landlord may, at Landlord's option, obtain possession of the Premises in the manner provided by law, and without becoming liable to Tenant for damages or for any payment of any kind whatever. Landlord may, at Landlord's discretion, as agent for Tenant, relet the Premises, or any part thereof, for the whole or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Landlord's option, hold Tenant liable for any difference between the rent that would have been payable under this Agreement during the balance of the unexpired term, if this Agreement had continued in force, and the net rent for such period realized by Landlord by means of such reletting. If Landlord's right of reentry is exercised following abandonment of the Premises by Tenant, then Landlord shall consider any personal property belonging to Tenant and left on the Premises to also have been abandoned, in which case Landlord may dispose of all such personal property in any manner Landlord shall deem proper and Landlord is hereby relieved of all liability for doing so.

20. ATTORNEYS' FEES. Should it become necessary for Landlord to employ an attorney to enforce any of the conditions or covenants hereof, including the collection of rentals or gaining possession of the Premises, Tenant agrees to pay all expenses so incurred, including a reasonable attorneys' fee.

21. APPLICABLE LAW, SUCCESSOR AND ASSIGNS. This Agreement shall be governed in all respects by the laws of the Commonwealth of Virginia, United States of America, and shall be binding upon and shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, legal representatives, successors and assigns.

22. VENUE. Venue for enforcement or legal review and/or determination of the provisions of this Agreement shall exclusively be in the Circuit Court of Rockingham County, Virginia, U.S.A. or the United States District Court for the Western District of Virginia.

23. SEVERABILITY. If any provision of this Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

24. DESCRIPTIVE HEADINGS. The descriptive headings used herein are for convenience of reference only and they are not intended to have any effect whatsoever in determining the rights or obligations of the Landlord or Tenant.

25. NON-WAIVER. No indulgence, waiver, election or non-election by Landlord under this Agreement shall affect Tenant's duties and liabilities hereunder.

26. MODIFICATION. The parties hereby agree that this document contains the entire agreement between the parties and this Agreement shall not be modified, changed, altered or amended in any way except through a written amendment signed by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby execute this Agreement:

As to Landlord this 1st day of June, 1998

Witnesses: "Landlord" Guy Reed Croteau

By: Guy Reed Croteau, 213-58-9628

As to Tenant this 1st day of June, 1998

Witnesses: "Tenant" Timberville Electronics, Inc.

By: Guy Reed Croteau, President

By: Harry Keister, Vice President

By: John Asa Carlton Croteau, Stockholder