

ALTERNATING PROPRIETORSHIP AGREEMENT

This Alternating Proprietorship Agreement is executed between _____ (hereinafter referred to as "Host Proprietor") and _____ (hereinafter referred to as "Tenant Proprietor").

Recitals

WHEREAS, Host Proprietor holds a Basic Permit issued by the United States Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau ("TTB") and a Winery Permit issued by the Texas Alcoholic Beverage Commission ("TABC") for use at the premise located at _____ and commonly known as _____;

WHEREAS, Tenant Proprietor desires to produce and bottle wine, but lacks the physical space or equipment with which to do so; and

WHEREAS, Host Proprietor desires to rent, and Tenant Proprietor desires to lease, the space and equipment described in this Agreement for use by Tenant Proprietor as a bonded wine premises and taxpaid wine premise.

THEREFORE, the parties hereby agree as follows:

1. Space and Equipment. Host Proprietor hereby leases the following space and equipment to Tenant Proprietor for use as a bonded wine premise and taxpaid wine premise, as that term is defined by Title 26, Chapter 51 of the United States Code:

Space:

This space is further described on the diagram attached as Exhibit 1 to this Agreement and made a part hereof for all purposes.

Equipment:

During the term of this Agreement, Tenant shall have exclusive access to the above-described space and equipment.

2. Term. The term of this Agreement shall begin at _____ a.m./pm. on _____, 2006, and shall continue until a.m./p.m on _____, 2006.

[MUST BE FOR AT LEAST ONE CALENDAR DAY]

3. [OPTIONAL] Use of Host's Employees. Tenant Proprietor shall have the right to utilize the services of the Host Proprietor's employees, [OPTIONAL: including without limitation the Host Proprietor's winemaker]. It is expressly understood that at all times that Tenant Proprietor exercises its right to utilize Host Proprietor's employees, Tenant Proprietor shall be fully responsible for the matters that are usual and customary for the production, bottling and storage of wine, if applicable, and the managing of Tenant Proprietor's business.

4. Rent. Tenant Proprietor shall pay to Host Proprietor daily rent of \$ _____, with rent for being due and payable _____.

5. Regulatory Filings. Each party hereby represents that it has filed with TTB and TABC all documents and information that each such agency requires as a condition of lawfully alternating premises as contemplated by this Agreement. Without limiting the generality of the foregoing, Host Proprietor hereby represents that it has filed with TTB and TABC (a) a statement on TTB Form 5120.25 that an alternation of its wine premises will occur; (b) evidence of existing bond, consent of surety, or a new bond covering the alternation; and (c) a description of how taxpaid wine or untaxpaid wine will be identified and segregated. Further, Host Proprietor hereby represents that TTB and TABC has each approved the alternation contemplated by this Agreement, and Tenant Proprietor acknowledges that it has received from Host Proprietor satisfactory written documentation of the approval by TTB and TABC of the alternation contemplated by this Agreement.

6. Records and Taxes. Each party understands that, as required by state and federal law, it must keep and maintain complete records of all of its business activities, and that neither party is responsible for the records of the other party. The parties will maintain a ledger or similar record that clearly shows, with respect to all operations on Host Proprietor's premises during the term of this Agreement, (a) the party conducting such operations, (b) the specific nature of the operations, and (c) the specific dates and times of such operations. In addition, Host Proprietor shall maintain a record showing the name and registry number of Tenant

Proprietor, the effective date and hour or alternation, and the quantity in gallons and the percent alcohol by volume of any wine transferred or received. Each party shall submit to TTB a separate TTB Form 5120.17 (Report of Bonded Wine Premises Operations). Likewise, each party expressly understands that it is responsible for all taxes assessed by state or federal law against its operations.

7. Entire Agreement. This Agreement contains the full and complete understanding between the parties, and it may be amended only by a written instrument executed by both parties specifically referring to this Agreement.

HOST PROPRIETOR:

_____ Date: _____
By: _____
Title: _____

TENANT PROPRIETOR:

_____ Date: _____
By: _____
Title: _____