

Word of Advice - For those who still want to lease land to ETG;

You must fully understand the following facts and seek for expert legal counsel:

- 1 Landowners can negotiate any length of time for the lease term, as long as the length is no more than 99 years.
- 2 Landowners can request that ETG shall not conduct certain activities on the leased land.
- 3 Landowners can prevent ETG from bringing the third party (Other Project Participant, "OPP") in, and letting the third party take either part or all of ETG's interest in the leased land.
- 4 Landowners can insist on entering into a business partnership with ETG, so that the landowner participates in ETG's Project activities on the land and earns income along with ETG if/when the Project produces revenues.
- 5 Landowners do not have to give ETG the "right of first refusal". Landowners can insist that ETG will have to compete with all other parties interested in the land, without getting any preferred treatment.
- 6 Landowners can insist in the lease agreement that ETG cannot take possession of the land unless and until the State reviews and approves ETG's Master Plan.
- 7 Landowners can insist in a final lease agreement that ETG construct suitable new living housings for the displaced individuals before ETG can take possession of the leased land. The landowner can specify how the new living housings should be.
- 8 Landowners can delete the provision in the lease agreement so that ETG cannot use the change in law regarding land ownership to unilaterally terminate the lease agreement.
- 9 Landowners should maintain ownership of any Project assets built by ETG on his leased land after the lease ends.
- 10 Landowners can insist in a final lease agreement that any disputes arising under the lease agreement must go through the Yap State Court rather than the FSM Supreme Court.
- 11 Landowners can request ETG to come back to the negotiating table after the original lease is up and strike a new lease agreement with the landowner.
 - a. The landowner can insist that ETG and the landowner renegotiate ETG's rental rate periodically—say, every 15 to 20 years during the original lease and during a lease renewal period (if the lease is renewed). This renegotiation is the key.
 - b. The landowner can alter provision in the lease template, so that the landowner and ETG have to renegotiate a new lease agreement after the original lease is over, including a new lease rental rate.
 - c. The important point is that the power to renew the lease **MUST** be in the hands of the landowner, **NOT** ETG.