

MONTGOMERY COUNTY CIRCUIT COURT (Land Records) HMS 8559, p. 0333, MSA\_CE63\_8517. Date available 02/11/2025

LIBER 8559 FOLIO 333

AMENDMENT TO GROUND LEASE

THIS AMENDMENT TO GROUND LEASE made and entered into this 9th day of November, 1988, by and among Montgomery County, Maryland, a body corporate and politic, having its principal offices at 101 Monroe Street, Rockville, Maryland 20850 (hereinafter called "Lessor") and the Hebrew Home of Greater Washington, Inc. having its principal offices at 6121 Montrose Road, Rockville, Maryland 20852 (hereinafter called "Assignor") and Jefferson House Corporation, a non-profit corporation duly organized under the laws of the State of Maryland, having its principal offices at 1801 Jefferson Street, Rockville, Maryland (hereinafter called "Lessee").

WHEREAS, Lessor and Assignor entered into a Ground Lease dated November 29, 1986, recorded among the Land Records of Montgomery County, Maryland at Liber 7803 Folio 501 (the "Ground Lease"); and

WHEREAS, the "Demised Premises" as defined in the Ground Lease is stated to have been "based on the Tax Maps" as follows: "Map GQ, Parcel 000, Subdivision 218 Block "M", Lot 7, Grid 53 Token of Love land" and is the same property, as now subdivided, described in Exhibit A, attached hereto and made a part hereof.

WHEREAS, the parties desire to permit the assignment of the rights of the Assignor to the Lessee and make certain other modification to the terms of the Ground Lease.

NOW THEREFORE, the parties intending to be legally bound hereby do agree as follows:

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1. Assignment. Assignor hereby assigns all of its right, title and interest in and to the Ground Lease to Lessee. Lessor, by execution of this Amendment to the Ground Lease, consents to the assignment under the terms of the Ground Lease and the provisions stated hereinafter.

2. Term. Section 2 of the Ground Lease is hereby stricken in its entirety and the following substituted therefore:

Section 2. Term. The term of this lease began on November 29, 1986, (the "Commencement Date"), and shall continue for ninety-eight (98) years and eleven (11) months from that date (the "Lease Term") unless the Lease Term is terminated sooner as provided in this Lease. Upon the termination of the Lease Term by lapse of time or otherwise, other than by purchase pursuant to Paragraphs 8 or 10 of this Amendment, the Improvements shall, without further payment therefor, become the property of Lessor.

The Lessor acknowledges that at the date of execution of the lease it had equitable title but did not have legal title to the Demised Premises. The Demised Premises was conveyed to the Lessor by the Board of Education of Montgomery County, Maryland on March 4, 1988, by Deed recorded at Liber 8198 Folio 553 on March 23, 1985, among the Land Records of Montgomery County, Maryland. The Lessor hereby reaffirms the Ground Lease as amended by this Amendment to Ground

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Lease and represent that no further approvals are required to the effectiveness of the Ground Lease by the State, as referred to in Section 1B of the Ground Lease, or by any agency of the Lessor.

It is intended that Lessee (1) will receive a Three Million Dollar (\$3,000,000.00) loan (the "County Loan") to be applied for the construction of the Project to be secured by a Note and Second Deed of Trust, and (2) will obtain permanent financing of the Project from the proceeds of a tax-exempt revenue bond issuance sold by the Housing Opportunities Commission of Montgomery County (the "HOC Loan") which HOC Loan in the amount of Sixteen Million Two Hundred Twelve Thousand Five Hundred Dollars (\$16,212,500.00) is hereby approved by the Lessor. In the event that (1) the County Loan is not available to Lessee by December 31, 1988, or (2) a Commitment has not been executed for the HOC Loan by December 31, 1988, then this Lease shall, at the option of the Lessee, upon written notice from Lessee to Lessor, be terminated. If Lessee terminates this Lease pursuant to this provision it shall restore the Demised Premises promptly to an unimproved, undeveloped state in good, safe and attractive condition at its sole cost, liability and expense.

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3. Use of the Project. Section 4 of the Ground Lease is stricken in its entirety and the following is substituted therefore:

Section 4. Use of Project. Lessee and Lessor have executed a Regulatory Agreement for the operation of the Project (the "Regulatory Agreement"). It is intended that the Regulatory Agreement will control operation of the Project and will not, subject to Section 16(d) of this Amendment, be terminated merely by payment in full of the County Loan and/or HOC Loan. Initially the Project will provide for the use of at least eighty-three (83) units by low to moderate income tenants as that term is defined in the Regulatory Agreement. Lessee must use its best efforts to increase that level of usage of units by such persons as described in the Regulatory Agreement. Except as may be provided in Paragraph 16, during the term of this Ground Lease, Lessee agrees to be bound by the provisions of the Regulatory Agreement and in the event of a default thereunder, Lessor may take the actions permitted in Section 17 of the Ground Lease to recover possession or otherwise obtain satisfaction of these requirements.

4. Improvements, Repairs, Additions, Replacements. Sections 6(a) and 6(c) of the Ground Lease are stricken in their entirety and the following substituted therefore.

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Section 6(a). Lessee has demolished the existing improvements which demolition is approved by Lessor, and shall immediately commence construction of the Improvements and will diligently pursue the completion of construction of the Improvements. The Improvements will consist of a building containing two hundred forty-eight (248) dwelling units, parking areas, driveways, walks, gardens and other related improvements as Lessee shall determine, provided however, that the same shall be in compliance with all applicable building codes and ordinances.

Section 6(c). After completion of the initial construction of the Project Lessee may, at its option and at its own cost, liability and expense, at any time and from time to time with the written consent of Lessor, make such alterations, changes, replacements, improvements and additions in and to the Project, provided that any addition or alteration (i) shall not, subject to the provisions of Section 16 of this Lease, change the general character or use of the Project as provided in Section 4 of this Lease or reduce the fair market value of the Project below its value immediately prior to such alteration or addition, (ii) shall not change the basic structure of the Improvements, (iii) shall be effected with due diligence and in a workmanlike manner, (iv) shall be promptly and fully

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paid by Lessee, and (v) shall be made in accordance with plans and specifications approved by Lessor, such consent not to be unreasonably withheld. Consent of Lessor shall not be required for alterations, changes, replacements, improvements and additions which do not exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate.

5. Requirements of Public Authority. Section 7(b) of the Ground Lease is hereby amended by striking the reference to Section 8(a) and inserting therefor Section 7(a).

6. Covenant Against Liens. Section 8 of the Ground Lease is stricken in its entirety and following is substituted therefore:

If, because of any act or omission of Lessee, any mechanic's lien or other lien, charge or order for the payment of money shall be determined to exist by Court order against Lessor or any portion of the Project, Lessee shall, at its own cost and expense, cause the same to be promptly discharged of record or bonded within the number of days allowed by law, but not more than ninety (90) days after the determination thereof; and Lessee shall indemnify and save harmless Lessor against and from all liabilities, claims, damages, penalties, causes of action, costs, expenses or judgments, including reasonable attorney's fees incurred by and/or asserted against Lessor on account of or in

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connection with any mechanic's lien or other involuntary lien, charge or order.

7. Selection/Certification of Tenants. Section 13 of the Ground Lease is stricken in its entirety and the following is substituted therefore:

Section 13. Selection/Certification of Tenants.

Except as is provided in Section 16 of this Lease, occupancy of units in the Project shall only be permitted in accordance with the Regulatory Agreement. Occupancy of the Project shall be open to all regardless of race, color, religion, creed or sex, national origin, ancestry, marital status, physical or mental handicap and Lessee, to the extent it has employees, and all contractors and subcontractors engaged in the construction, marketing or management of the Project, shall provide an equal opportunity for employment without discrimination as to race, color, religion, creed or sex.

8. Subordination. Sections 16 (b) and (c) of the Ground Lease are stricken in their entirety, the following is substituted therefore and new Sections 16(d) and 16 (e) are added to read as follows:

Section 16(b). In the event of any breach or default of any of the covenants, terms or conditions of this Lease by the Lessee, the holder of any mortgage, or deed of trust or other instrument above provided for,

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or the Maryland Housing Fund (the "MHF"), if it shall act as mortgage insurer pursuant to the provisions of Article 83B, Section 3-201 et seq. of the Annotated Code of Maryland, before forfeiture or termination of the Lease Term, and before the Lessor shall seek to exercise any rights or remedies on account of any breach or default may, within thirty (30) days following receipt of written notice from Lessor to such holder and/or MHF, as the case may be, of an Event of Default, make any and all payments, and do and perform all acts or things which may be necessary or required to cure any breach or default of any of the terms, covenants or provisions of this Lease by the Lessee to prevent a forfeiture or termination of this Lease, and shall thereby and thereupon be subrogated to all the right, title, responsibility and interest of the Lessee under this Lease. In furtherance of this provision, the Lessor covenants and agrees that: 1) if MHF endorses any mortgage or deed of trust for insurance as provided herein or, 2) the holder of any mortgage or deed of trust or other instrument above referred to, notifies said Lessor in writing that such mortgage, deed of trust or other instrument has been executed and delivered by the Lessee to it, together with the



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address to which it desires notices to be sent, then, Lessor, will send to MHF and/or the said holder at the address specified, copies of all written notices or demands which it may serve upon the said Lessee under and pursuant to the terms of this Lease or otherwise and afford MHF and/or the said holder an opportunity to cure any default as above provided.

Section 16(c). Neither the mortgagee, trustee, noteholder above referred to nor MHF shall in any way be liable to the Lessor for the payment of any rents or additional rents or for the performance of any covenants, terms or conditions under this Lease until such time as the mortgagee or trustee, noteholder or MHF, as the case may be, shall acquire, by conveyance from Lessee or by foreclosure or other proceedings provided by law or the terms of the mortgage or deed of trust, all the right, title and interest of Lessee under this Lease, but any person who shall acquire said right, title and interest of Lessee as above provided, shall thereupon and thereby become liable for the full performance and payments provided for and required under the covenants, terms and conditions of the Lease, as fully and completely and to the same extent as the Lessee would have been if it still had retained its right, title and interest thereunder except as hereinafter provided in this section.

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MONTGOMERY COUNTY CIRCUIT COURT  
RECORDS SECTION  
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BETHESDA, MARYLAND 20814  
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Section 16(d). In the event any (i) mortgagee, (ii) trustee, (iii) noteholder, (iv) MHF, or (v) any assignee thereof approved by Lessor pursuant to Section 14 of the Lease, or (vi) any bona fide purchaser at a foreclosure sale or (vii) other grantee by deed in lieu of foreclosure (collectively, "the Lender") shall acquire all right, title and interest of Lessee under this Lease by deed in lieu of foreclosure or by foreclosure or other proceedings provided by law or the terms of the mortgage or deed of trust, Lender shall be released from the provisions of the Regulatory Agreement provided, however that, so long as this Lease shall remain in effect, at least forty-nine (49) or twenty percent (20%) of the aggregate number of units in the Project, whichever is less, spread throughout the Project and not clustered in any single portion (the "Eligible Units") shall be occupied or held available to be occupied, on a continuous basis, by families that include an Elderly or Handicapped Individual and whose incomes do not exceed fifty percent (50%) of the median income for Montgomery County (the "Eligible Tenants"). The rent for an Eligible Unit to be paid by an Eligible Tenant shall not exceed thirty percent (30%) of such Eligible Tenant's Gross Income.

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Quarterly, after acquisition of the Demised Premises, the Lender shall submit reports to Lessor containing (i) the names and addresses of all persons renting, during the reporting period, Eligible Units, which reports shall identify the unit type (i.e., 1 or 2 bedroom), the rent, the number of tenants residing in each unit and the income level of such tenants; (ii) copies of leases for all Eligible Units rented during the reporting period; (iii) Income Certifications (in the form attached to the Regulatory Agreement as Exhibit A) from Eligible Tenants renting Eligible Units during the reporting period; and (iv) the names of all persons moving out of Eligible Units during the reporting period, identifying unit type (i.e., 1 or 2 bedroom) of the units vacated by such persons. Each quarterly report shall be based upon a calendar year quarter and shall be delivered to the County on or before the forty-fifth (45) day following the end of such quarter, commencing with the first full quarter following acquisition by the Lender.

Lender shall maintain completed Income Certifications from each Eligible Tenant prepared immediately prior to the initial occupancy of such tenant in the Project. Complete and accurate records pertaining to the Eligible Units occupied or to be occupied by all tenants in the Project shall be

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maintained by the Lender. Duly authorized representatives of the Lessor shall be permitted to inspect the books and records of the Lender pertaining to the Income Certifications of Eligible Tenants residing in the Project during normal business hours and after reasonable notice.

In the event of any proposed voluntary sale, assignment, transfer or other disposition of the Project by Lender during the term of this Lease, the Lessor and the Housing Opportunities Commission of Montgomery County, Maryland shall have a right of first refusal in accordance with the provisions of Section 11A-3 of the Montgomery County Code, as in effect on the date of execution hereof, the provisions of which are incorporated herein by reference and shall survive any amendment or repeal.

If the Lender shall fail to perform or comply with any of the provisions of this Section 16(d) and such failure shall continue for more than thirty (30) days after Lender's receipt of written notice thereof from Lessor, and the Lender shall not, within such period, commence with due diligence and dispatch the curing of such default, or having so commenced, shall thereafter fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default, Lessor may thereafter determine that an Event of

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Default as identified in Section 17 of Lease has occurred and Lessor may seek the remedies identified therein for termination of the Lease and recovery of the Project.

The definitions of capitalized terms not otherwise defined in the Lease shall have the same meanings as those utilized in the Regulatory Agreement. Median income for Montgomery County, for the purposes of this Lease, shall be as provided in Section 1(x) of the Regulatory Agreement.

If any mortgagee, trustee or noteholder as provided in Section 16(a) MHF, or other Lender shall acquire title to Lessee's interest in this Lease by foreclosure or by deed in lieu of foreclosure or other proceedings provided by law or the terms of the mortgage or deed of trust, such mortgagee, trustee or noteholder MHF or other Lender may, subject to Section 14 of this Lease assign this Lease and shall thereupon be released from all liability for the performance or observance of the Lease from and after the date of such assignment. Section 16(e). In the event the Lender shall desire to purchase the Demised Premises after acquiring all right, title and interest of Lessee under this Lease, it shall be entitled to do so under either of the following procedures:

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1) If the Lender elects to continue in compliance with Section 16(d) of this Lease, it may purchase the Demised Premises for the amount of One Million Dollars (\$1,000,000.00) plus an annual cost of living adjustment, plus Four Hundred Sixty Thousand Dollars (\$460,000.00) (which latter sum represents a reimbursement to the State for site acquisition costs pursuant to a Public School Property Transfer Agreement) by giving Lessor written notice of such election. Transfer taxes, recordation fees and recordation taxes shall be the responsibility of the Lender purchasing the Demised Premises. The purchase price shall be adjusted annually commencing one (1) year from the Commencement Date but in no event shall it be less than the previous year's purchase price. The annual adjustment for cost of living shall be made as follows: multiply the purchase price for the previous year, excluding the Four Hundred Sixty Thousand Dollars (\$460,000.00) reimbursement aforesaid by a fraction, the numerator of which is the Consumer Price Index (U.S. City Average All Items published by the Department of Labor, Bureau of Labor Statistics) (the "Index") as of the date of the commencement of the ensuing year for which the adjustment is applicable and the denominator

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of which is the Index as of the date of the commencement of the previous year. If the Index is discontinued, Lessor shall select a comparable standard index prepared by the Department of Labor as the factor by which to determine adjustments in price. If the Index shall be discontinued with no comparable successor Index, the parties shall attempt to agree upon a substitute formula, but if the parties are unable to agree upon a substitute formula, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing. The cost of such arbitration shall be paid equally by the parties.

Prior to transfer of a deed to the Demised Premises, a covenant must be executed and recorded among the Land Records of Montgomery County, Maryland limiting the use of the Demised Premises to that provided in Section 16(d) to assure continued occupancy of the Eligible Units by Eligible Tenants with appropriate monitoring procedures and permitting Lessor to take possession of the Project, after reasonable written notice to Lender and, except for emergency conditions to insure compliance with health or safety laws, thirty (30) days opportunity for

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Lender to cure any default to enforce such provisions or to apply to an appropriate court for injunctive relief, receivership and damages for any default.

The purchase shall be completed at a closing at a location to be selected by the Lender within ninety (90) days of receipt of the election to purchase by Lender. Should the closing not be completed within ninety (90) days of the receipt by Lessor of election to purchase by the Lender, due to the fault of Lender, the purchase price shall be subject to revision for any interim or subsequent cost of living adjustment provided for herein; or

ii) If the Lender elects to be fully released from the provisions of this Lease, it may purchase the Demised Premises for Three Million Dollars (\$3,175,214.00), plus an annual cost of living adjustment, plus Four Hundred Sixty Thousand Dollars (\$460,000.00) (which latter sum represents a reimbursement to the State for site acquisition costs pursuant to a Public School Transfer Agreement) by giving Lessor written notice of such election. Transfer taxes, recordation fees, and recordation taxes shall be the responsibility of the Lender purchasing the Demised Premises. The



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purchase shall be completed by payment in cash to Lessor at a closing at a location to be selected by the Lender within sixty (60) days of receipt of the notice of the election by Lessor.

The purchase price shall be adjusted annually commencing one (1) year from the Commencement Date but in no event shall it be less than the previous year's purchase price. The annual adjustment for cost of living shall be made as follows: multiply the purchase price for the previous year, excluding the Four Hundred Sixty Thousand Dollars (\$460,000.00) reimbursement aforesaid, by a fraction, the numerator of which is the Index as of the date of the commencement of the ensuing year for which the adjustment is applicable and the denominator of which is the Index as of the date of the commencement of the previous year. If the Index is discontinued, Lessor shall select a comparable standard index prepared by the Department of Labor as the factor by which to determine adjustments in price. If the Index shall be discontinued with no comparable successor Index, the parties shall attempt to agree upon a substitute formula, but if the parties are unable to agree upon a substitute formula, then the matter shall be determined by arbitration in

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accordance with the rules of the American Arbitration Association then prevailing. The cost of such arbitration shall be paid equally by the parties.

9. Events of Default. Section 17(a)(3) of the Ground Lease is stricken in its entirety and the following is substituted therefore:

Section 17 (a)(3). Events of Default. If Lessee shall fail to perform or comply with any term of this Lease or the Regulatory Agreement and such failure shall continue for more than thirty (30) days after receipt of written notice thereof from Lessor, provided that if the default is of a type that cannot be cured within the aforesaid thirty (30) day period, it shall not be a default if the Lessee shall have commenced the curing of such default within such thirty (30) day period unless and until the Lessee shall thereafter fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; or

10. Lessee's Option to Purchase Premises. Section 18 of the Ground Lease is stricken in its entirety and the following is substituted therefore:

Section 18. Lessee's Option to Purchase Demised Premises. 18(a). For a period of seventy-five (75) years from the Commencement Date, Lessor herein grants the right to purchase the Demised Premises to the

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Jefferson House Corporation or to an entity caused to exist by the Jefferson House Corporation or the Board of the Hebrew Home of Greater Washington, Inc. while Jefferson House Corporation is in possession of the Demised Premises and not in default hereunder and to any subsequent Lessee while in possession and not in default for the purchase price of One Million Dollars (\$1,000,000.00). The purchase price shall be adjusted annually commencing one (1) year from the Commencement Date but in no event will it be less than the previous year's purchase price. The annual adjustment shall be made as follows: The purchase price for each year shall be equal to the purchase price for the previous year multiplied by a fraction, the numerator of which is the Consumer Price Index (U.S. City Average All Items published by the Department of Labor, Bureau of Labor Statistics) (the "Index") as of the date of the commencement of the ensuing year for which the adjustment is applicable and the denominator of which is the Index as of the date of the commencement of the previous year. If the Index is discontinued, Lessor shall select a comparable standard index prepared by the Department of Labor as the factor by which to determine adjustments in price. If the Index shall be discontinued with no successor comparable successor Index, the parties shall attempt to agree upon a

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substitute formula, but if the parties are unable to agree upon a substitute formula, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing. The cost of such arbitration shall be paid equally by the parties.

18(b). The purchase agreement shall require that a declaration of covenants (the "Declaration") be recorded prior to transfer of a deed to the Demised Premises providing for continuance of the terms of the Regulatory Agreement until such time as Lessor agrees that it be terminated.

The Declaration shall also provide that Lessee may elect to be released from its provisions by a payment in cash to Lessor to be determined as follows:

If Lessee elects to be released from the Declaration, it shall give written notice to Lessor. Lessee shall select an appraiser and identify such appraiser to Lessor within five (5) business days of such notice. The Lessor shall thereafter promptly select an appraiser and both shall determine the fair market value of the Demised Premises assuming the absence of or non-existence of the Declaration (the "Unregulated Value"). The price to be paid by Lessee shall be the Unregulated Value as determined hereunder less the sum paid by Lessee for the purchase of the

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Demised Premises from Lessor pursuant to Section 18(a). If the two (2) appraisers so appointed agree upon the Unregulated Value of the Demised Premises, they shall jointly render a written report of their opinion prescribed below. If the said two (2) appraisers cannot agree upon the said Unregulated Value of the Demised Premises, they shall appoint a third appraiser who shall appraise the Demised Premises on the same terms, and then each of the three (3) appraisers shall render a separate written report of his opinion as prescribed below. The appointment of all appraisers in the manner herein set forth, as well as the rendition of all other reports by any such appraisers, shall all be accomplished without unreasonable delay.

If the appraisal as rendered by the appraiser chosen by the two appraisers shall fall between the appraisals as submitted by the two appraisers appointed by the respective parties, then his appraisal shall be binding as to the Unregulated Value of the Demised Premises. If his appraisal shall be lower than either appraisal submitted by the first two appraisers, then the Unregulated Value of the Demised Premises shall be the lower of the two appraisals submitted by the appraisers appointed by the parties. If his appraisal shall be higher than any appraisal submitted by the first two appraisers, then the Unregulated Value of the Demised

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Premises shall be the higher of the two appraisals submitted by the appraisers appointed by the parties.

The fees of the individual appraisers shall be paid equally by the Lessor and Lessee unless Lessee does not complete the transfer in which case, Lessee shall pay all costs, transfer taxes, recordation fees and recordation taxes shall be the responsibility of the Lessee. The purchase shall be completed at a closing at a location to be selected by Lessee within sixty (60) days of the receipt of the notice from Lessee exercising its rights hereunder, or within forty-five (45) days after receipt by Lessor of the selection of appraiser by Lessee, whichever is later, by payment in cash to Lessor of the Unregulated Value less the sum paid by Lessee for the purchase of the Demised Premises pursuant to Section 18(a).

18(c). In the event that the Lessee has not exercised its option to purchase the Demised Premises while remaining subject to the Declaration pursuant to Section 18(a) and Lessee then desires to utilize the Demised Premises free and clear of the provisions of the Regulatory Agreement, it shall have the right to purchase the Demised Premises during the term of this Lease for its Fair Market Value (the "Fair Market Value"). In such event, Lessee shall give notice to Lessor in writing and the parties hereto shall each

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promptly appoint an appraiser to determine the Fair Market Value of the Demised Premises. If the two (2) appraisers so appointed agree upon the Fair Market Value of the Demised Premises, they shall jointly render a written report of their opinion prescribed below. If the said two (2) appraisers cannot agree upon the said Fair Market Value of the Demised Premises, they shall appoint a third appraiser who shall appraise the Demised Premises, and then each of the three (3) appraisers shall render a separate written report of his opinion as prescribed below. In determining Fair Market Value, all appraisers shall assume that neither the Lease nor the Regulatory Agreement is in effect but that the Improvements are in place.

The appointment of all appraisers in the manner herein set forth, as well as the rendition of all other reports by any such appraisers, shall all be accomplished without unreasonable delay.

If the appraisal as rendered by the appraiser chosen by the two appraisers shall fall between the appraisals as submitted by the two appraisers appointed by the respective parties, then his appraisal shall be binding as to the Fair Market Value of the Demised Premises. If his appraisal shall be lower than either appraisal submitted by the first two appraisers, then

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the Fair Market Value of the Demised Premises shall be the lower of the two appraisals submitted by the appraisers appointed by the parties. If his appraisal shall be higher than any appraisal submitted by the first two appraisers, then the Fair Market Value of the Demised Premises shall be the higher of the two appraisals submitted by the appraisers appointed by the parties.

Lessee shall have the option to require appraisals to be performed as identified herein from time to time during the term of this Lease but not more often than once every three (3) years. After completion of the determination of the Fair Market Value, which shall be considered to be the date of receipt by Lessee of the appraisal prepared by the appraiser appointed by the two (2) appraisers selected by the parties, Lessee shall have sixty (60) days to exercise its purchase option by giving written notice to Lessor.

The fees of the individual appraisers shall be paid equally by the Lessor and Lessee unless Lessee elects not to purchase in which case such costs shall be paid by Lessee. Transfer taxes, recordation fees and recordation taxes shall be the responsibility of the Lessee. The purchase shall be completed at a closing at a location to be selected by Lessee within sixty (60) days of the receipt of the notice from



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Lessee exercising its purchase option or within fifteen (15) days after receipt by Lessor of the appraisals, whichever is later, by payment in cash of the Fair Market Value to Lessor.

Notwithstanding the foregoing, the option provided for herein shall cease, expire and terminate upon a termination of the Lease or repossession of the Project prior to the expiration of the seventy-five (75) years or upon foreclosure, deed in lieu of foreclosure or other proceedings by law or the terms of any mortgage or trust deed secured against Lessee's interest in the Demised Premises or the Project.

11. Acknowledgement of Leasehold Deed of Trust to Sovran Bank, N.A. Notwithstanding anything to the contrary set forth in the Ground Lease as hereby amended (hereinafter collectively the "Amended Ground Lease"), Lessor hereby:

(a) acknowledges that it has been notified that, contemporaneously with the execution and delivery of this Amendment, Lessee is executing and delivering that certain Leasehold Deed of Trust of even date herewith from Lessee, as Grantor, to Dennis M. Griffith and Kendal E. Carson, as trustees for the benefit of Sovran Bank, N.A., a national banking association (the "Bank"), conveying all of Lessee's right, title and interest in and to the Project (as defined in the Ground Lease) and securing, among other things, the timely repayment to the Bank of a Construction Loan being made by the Bank to Lessee

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in the original principal amount of Sixteen Million Nine Hundred Twelve Thousand Five Hundred Dollars (\$16,912,500.00), or so much thereof as shall be advanced (the "Deed of Trust");

(b) consents to Lessee's encumbrance of such right, title and interest by the Deed of Trust for all purposes for which such consent may be required;

(c) represents and warrants (as of the date hereof) to, and covenants and agrees with, the Bank that:

(i) except for this Amendment, the Ground Lease has not been modified or supplemented;

(ii) the Amended Ground Lease is valid and remains in full force and effect;

(iii) all approvals by the State of Maryland described in subsection 1B of the Ground Lease and/or otherwise required in connection therewith have been given and remain in full force and effect;

(iv) to the best of Lessor's knowledge, information and belief, neither Assignor nor Lessee is in default in the performance or observation of any covenant, agreement and/or condition contained in the Amended Ground Lease that is required to be performed or observed by either of them; and

(v) Lessor has no offset, counterclaim, defense and/or dispute relating to the Amended Ground Lease.

12. All other provisions of the Ground Lease executed by the parties shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

LESSOR:

Montgomery County, Maryland

By: Sidney Kramer

LESSEE:

Jefferson House Corporation

By: James O. L. Powell

By: John D. P.

ASSIGNOR:

Hebrew Home of Greater Washington, Inc.

By: Michael D. D.  
Exec. D.P.

STATE OF MARYLAND:  
COUNTY OF MONTGOMERY:

On this 9th day of November, 1988, before me, the undersigned officer personally appeared Sidney Kramer who acknowledged himself/herself to be the County Executive of Montgomery County, Maryland, and that he/she, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as County Executive.

In witness whereof I hereunto set my hand and official seal.

Sylvia T. Klannell  
Notary Public  
My Commission Expires: 7-1-90

APPROVED AS TO FORM AND LEGALITY.  
OFFICE OF COUNTY ATTORNEY  
BY Charles H. Small  
DATE 11/9/88



MONTGOMERY COUNTY CIRCUIT COURT (Land Records) HMS 8559, p. 0360, MSA\_CE63\_8517. Date available 02/1

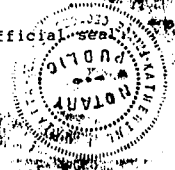
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STATE OF MARYLAND:  
COUNTY OF MONTGOMERY:

On this 9 day of November, 1988, before me, the undersigned officer personally appeared David P. Freshley who acknowledged himself/herself to be the President of Jefferson House Corporation, a corporation, and that he/she, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President.

In witness whereof I hereunto set my hand and official seal.  
Katherine Kieffer  
Notary Public  
My Commission Expires: 7/1/90



STATE OF MARYLAND:  
COUNTY OF MONTGOMERY:

On this 9 day of November, 1988, before me, the undersigned officer personally appeared Paul Kentel who acknowledged himself/herself to be the Vice President of Jefferson House Corporation, a corporation, and that he/she, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Vice President.

In witness whereof I hereunto set my hand and official seal.  
Katherine Kieffer  
Notary Public  
My Commission Expires: 7/1/90



STATE OF MARYLAND:  
COUNTY OF MONTGOMERY:

On this 9 day of November, 1988, before me, the undersigned officer personally appeared Michael Kaufeld who acknowledged himself/herself to be the Exec. Vice President of the Hebrew Home of Greater Washington, Inc., a corporation, and that he/she, as such Exec. Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Exec. Vice President.

In witness whereof I hereunto set my hand and official seal.  
Katherine Kieffer  
Notary Public  
My Commission Expires: 7/1/90



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recording is a true and correct  
copy of the original  
substantive photograph  
reproduction.

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EXHIBIT "A"

LEGAL DESCRIPTION

Parcel lettered "A" in Block lettered "K" in the subdivision known as "MONTROSE" as per plat thereof duly recorded among the Land Records of Montgomery County, Maryland in Plat Book 148 at Plat No. 16960.

Known as Tax ID # 4-503-143085.

