

LEASE AGREEMENT
BETWEEN
PAVILION PARTNERS, INC.
AND

MONTGOMERY COUNTY, MARYLAND

DATED: April 15, 2003

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Exhibit A -- Leased Premises
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LEASE AGREEMENT

THIS AGREEMENT, entered into this 15th day of April, 2003, by and between PAVILION PARTNERS, INC., a New York corporation, having an address of c/o Loughlin Management, Inc., 1300 Mercontile Lane, Suite 139, Largo Maryland 20774, (hereinafter referred to as "Landlord") and MONTGOMERY COUNTY, MARYLAND, (hereinafter referred to as "the County"). (The Landlord and the County together the "Parties")

WITNESSETH:

In consideration of the rent hereinafter reserved, and the covenants hereinafter contained, the Parties hereto mutually agree as follows:

1. PREMISES: Landlord does hereby lease and demise unto the County and the County hereby leases from the Landlord the premises described as Suite A, comprising 6,246 square feet of space on the second floor of the building, located at 199 E. Montgomery Avenue, Rockville, Maryland 20850, as outlined in red on "Exhibit A" attached hereto and made a part hereof.

2. TERM: The term of this Lease shall be five (5) years zero (0) months, commencing on completion of construction as shown in EXHIBIT B.

3.

4. RENT: The County shall pay or cause to be paid to the Landlord the annual and monthly amounts listed in the following schedule:

	<u>Annual</u>	<u>Monthly</u>
Year 1	\$144,000.00	\$12,000.00
Year 2	\$155,150.64	\$12,929.22
Year 3	\$160,580.88	\$13,381.74
Year 4	\$166,201.20	\$13,850.10
Year 5	\$172,018.32	\$14,334.86

All payments are to be made in advance of the first day of each month, during each lease year, and shall be payable to Pavilion Partners, Inc. c/o Loughlin Management, Inc., 1300 Mercontile Lane, Suite 139, Largo Maryland 20774.

5. Use: The County covenants and agrees that said premises shall be used and occupied by the Montgomery County Government as general government offices, and for no other purposes. The County shall have the right to occupy and use the premises 24 hours a day, seven days a week.

5. REAL ESTATE TAXES:

- A. Commencing with the first Calendar Year following the Base Year and every Calendar Year thereafter, the Landlord shall forward to the County a statement and copies of paid tax receipts setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the Property of which the Leased Premises are a part. The County shall pay to the Landlord as additional rent, upon receipt of the Landlord's statement and receipts, but in no event more than 30 days after receipt of Landlord's statement and receipts, any increase in the said Real Estate Taxes over the Real Estate Taxes assessed against the Property of which the Leased Premises are a part during the "Base Year." The Base Year is hereby defined to be the period from July 1, 2003 through June 30, 2004. The Base Year figure will not include any amount which represents an increase in the assessed value of the premises as a result of the County improvements as herein described. The Landlord's statement shall contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required.
- B. The term "Real Estate Taxes" shall be deemed to mean the County's proportionate share of property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the Property as defined below. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land; buildings and improvements by an appropriate taxing authority, the new tax or levy shall be included within the term "Real Estate Taxes."
- C. The County shall pay to Landlord said increased taxes as additional rent for the County's proportionate share of the building, which share is hereby determined to be 6.67% within thirty (30) days after receipt of Landlord's statement. The County proportionate share is computed as follows:

$$\frac{6,246 \text{ square feet leased}}{93,643 \text{ square feet in building}} = 6.67\%$$

6. PROPERTY DAMAGE AND LIABILITY INSURANCE:

- A. County shall have the right to self-insure. The County is a member of the Montgomery County Self-Insurance Program; Article 20-37 of Montgomery County Code restricts the legal defense fund to members of

the Fund and does not allow for outside entities. The certificate of insurance evidences limits of insurability for general liability coverage in the amounts of \$500,000 aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$10,000 for property damage for automobile liability and State of Maryland statutory limits for worker's compensation. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act, 1986. This insurance policy must be maintained continuously by the County during the full term of this contract and during any extension of the contract term. County shall deliver to Landlord a certificate of insurance evidencing the coverage above described within fifteen (15) days after the execution of this contract. County and the Landlord hereby waive any right of subrogation against the other to the extent that the liability arises from a cause covered by the insurance and only to the extent of the insurance proceeds recovered, and provided that the Parties' insurance policies permit such a waiver.

- B. County agrees that it will not keep in or upon the Leased Premises any article, which may be prohibited by the standard form of fire or hazard insurance policy. In the event County's articles causes any increase in the insurance premiums for the Leased Premises or any part thereof, County shall pay the additional premiums as they become due. County has the right to review the Landlord's policy (ies) premium and rates.
- C. County agrees to hold harmless and hereby indemnifies Landlord, and Managing Agent, 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 any occurrence, or occasioned wholly or in part by any act or omission of County or its employees at or upon the Premises, or the occupancy or use by County, of the Leased Premises or any part thereof, or the County's use of the exterior areas designated by Landlord for the comfort and convenience of County. This indemnification is subject to the liability and damage caps stated in the Local Government Tort Claims Act in the Maryland Annotated Code as amended from time to time. This indemnification shall not be considered to be a waiver of governmental immunity and is not intended to create any rights or causes of action in third parties. County shall not, however, be liable for damage or injury occasioned by the acts or omissions of Landlord or its agents, or Landlord's failure to comply with its obligations hereunder.
- D. Landlord agrees to hold harmless and hereby indemnifies County, 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 any occurrence upon or at the Leased Premises, or

the occupancy or use by Landlord of the Leased Premises or any part thereof, or the Landlord's use of the exterior areas provided for County for the comfort and convenience of the Landlord, or occasioned wholly or in part by any act or omission of Landlord, its agents, contractors, or employees, excepting claims arising out of the acts or omissions of the County, the County's agents, and employees.

- E. County shall deliver to Landlord a certificate of insurance evidencing the coverage hereinabove described within fifteen (15) days from execution of this Agreement. County reserves the right to self-insure.

7. ACCESS: County will allow Landlord or Landlord's agents to have access to the Leased Premises upon reasonable notice, except in the event of emergency to County and at all reasonable times for the purpose of inspection or in the event of fire or other property damage, or for the purpose of performing any maintenance and repairs Landlord may consider necessary or desirable; or for the Landlord to show the Leased Premises to prospective Tenants during the 12 months preceding expiration of the Lease term and to prospective purchasers and mortgagees at all reasonable times upon reasonable notice to County; provided, however, Landlord shall not interfere with County's use of the Leased Premises.

8. SERVICES: Landlord, at Landlord's sole expense, shall provide all maintenance and repair and replacement of electrical, mechanical, and plumbing systems, including pest control and replacing all light bulbs within the Leased Premises. The Landlord shall also make all necessary maintenance, repairs and replacements to all roof water protection, including the roof, flashing, gutters, downspouts, and roof drains, all exterior walls, interior columns, windows, interior concrete slabs, and the foundation.

A. Maintenance and Repairs – Emergencies: In the event Landlord fails to provide emergency maintenance and repair with dispatch and due diligence appropriate to the condition after notice from the County, then County shall have the right but not the obligation to correct these problems and be reimbursed the reasonable cost thereof by Landlord.

B. Maintenance and Repairs – Routine: In the event Landlord fails to correct routine maintenance and repair problems in the Leased Premises within 10 days after notification of same by the County, County shall have the right but not the obligation to correct these problems, and be reimbursed the reasonable cost thereof by Landlord.

If Landlord, at any time during the Lease Term, shall default in any material respect the performance or observance of any obligation on Landlord's part to be performed or observed pursuant to Articles 8 and 9 of the Lease, and shall not cure such default within thirty (30) days after receipt of written notice thereof from County (or shall not within said

period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), then, provided County is not then in default under the Lease, beyond applicable notice and grace periods, County may, at its option, but is under no obligation to so act, cure such default, and Landlord agrees to reimburse County the amounts reasonably incurred by County in so doing within a reasonable period of time agreed to by both County and Landlord; provided that County shall not undertake maintenance, repairs and/or replacements to any structural element of the Building or the roof thereof or to any Building service equipment or system which serves or may affect any space in the Building other than the Leased Premises. Notwithstanding the foregoing, in no event shall County be entitled to set-off or deduct any amounts incurred by County hereunder against the Annual Base Rent due under the Lease. A default of performance or observation of any obligation under Paragraph 8 and 9 of the Lease if not cured as provided above can, at the option of County and after notice is given, be considered a default of the Lease and County shall have those rights prescribed under Paragraph 18 below.

9. HVAC: Landlord agrees to maintain, repair or replace the existing heating, ventilation and air conditioning system. The air conditioning shall be so balanced as to provide a temperature range between 74 and 78 degrees. The heating shall be so balanced as to provide a temperature range between 68 and 72 degrees. Landlord shall, during emergencies, change these temperature guidelines in accordance with Federal, State and local requirements.

10. UTILITIES: The Landlord shall be responsible for paying the electric utility bill, which is metered for the Leased Premises. The Landlord shall be responsible for paying the heating and water utility bill for the Leased Premises.

11. JANITORIAL SERVICES: The Landlord shall be responsible for providing and paying for all cleaning services within the Leased Premises. Landlord shall be responsible for cleaning the common area and the outside building areas including sidewalks, walkways, and pavement areas. The landlord shall also provide trash receptacles in the building and an area for recycling.

12. ALTERATIONS, ADDITIONS AND IMPROVEMENTS:

- A. County will not make any alterations, additions, or improvements of any kind to the Leased Premises without the Landlord's written consent, which consent shall not be unreasonably withheld. County shall provide Landlord with plans and specifications of said work. County agrees to reimburse Landlord for all costs incurred by Landlord in reviewing County's proposed changes or additions and improvements and provided further that, in order to protect the functional integrity of the Building, Landlord shall have the right to approve County's contractor, and such approval shall not be unreasonably conditioned, delayed or withheld. Upon receipt of Landlord's written approval of the County's plans and

specifications, County may proceed to perform the work at County's expense, or at County's option, County may request that Landlord perform said work at County's expense and at negotiated prices. County shall pay for any work performed by Landlord on County's behalf after inspection by County and within thirty (30) days from the submission of an invoice by Landlord for work reasonably approved by County, as additional rent hereunder.

- B. All alterations, additions, or improvements made by either of the Parties upon the Leased Premises shall become the property of the Landlord and shall remain upon and be surrendered with the Leased Premises upon the termination of this Lease unless Landlord requires County to remove such property at the time Landlord approves installation of such improvements. County shall, with Landlord's written consent, which shall not be unreasonably withheld, have the right to install any furniture or office machinery necessary in the conduct of its business within the Leased Premises, and the same shall remain the property of the County, and shall be removed by County upon the termination of this Lease.
- C. Landlord will not approve any construction, alterations or additions requiring unusual expense to readapt the Leased Premises to normal office use upon Lease termination or increase the cost of construction, insurance or taxes on the Building or of Landlord's services called for by this Lease unless County first gives assurances acceptable to Landlord that such readaptation will be made prior to Lease termination without expense to Landlord and makes provisions acceptable to Landlord for payment of such increased cost. All changes and additions shall be part of the Building except such items as by writing at the time of approval the parties agree shall be removed by County upon termination of this Lease.

13. NOTICE OF DEFECTS: County shall provide Landlord with prompt notice of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises, or notice of need for repairs in the roof, plumbing, electric and heating systems, to be remedied by Landlord in accordance with the terms of this Lease.

14. ASSIGNMENT AND SUBLEASING: County shall not have the right to transfer possession or occupancy of the Leased Premises, nor sublet or assign this Lease to any person or persons without the prior written consent of the Landlord. Landlord's consent shall not be unreasonably or unduly withheld. County agrees not to market or advertise the Leased Premises for sublet or this Lease for assignment without the prior written consent of Landlord as to all advertising, marketing and promotional materials. In the event that any assignee or subtenant pays to County any amounts in excess of the Annual Base Rent and additional rent then payable hereunder, or pro rata portion thereof on a square footage basis for any portion of the Leased Premises, County shall promptly pay 50% of such excess to Landlord as and when received by County. If County requests Landlord's consent to assign this Lease

or sublet more than 50% of the Premises, Landlord shall have the option, exercisable by written notice to County given within 10 days after receipt of such request, to terminate this Lease as of a date specified in such notice which shall be not less than 30 or more than 60 days after the date of such notice. Any such assignment or subleasing shall not relieve County from obtaining the consent in writing of Landlord to any further assignment or subleasing.

15. COUNTY'S COVENANTS: County covenants and agrees:

- A. To pay the rent as provided in the lease to Landlord and until the Lease expiration date or until possession is redelivered to Landlord, if this occurs after the Lease expiration date.
- B. Not to strip or overload, damage or deface the Leased Premises or hallways, stairways, elevators or other approaches thereto.
- C. Not to suffer or permit any trade or occupation to be carried on or use made of the Leased Premises which shall be unlawful, noisy, offensive or injurious to any person or property, or such as to increase the danger of fire or make void or voidable any insurance on said Building, in Landlord's concern to maintain the first-class business (non-medical, non-lab) nature of the Building.
- D. Not to move any furniture or equipment into or out of the Leased Premises without Landlord's consent thereto, which consent shall not be unreasonably withheld.
- E. Not to place upon the interior or exterior of the Building or any window or other part thereof or door of the Leased Premises any placard, sign, covering or drapes, except such and in such place as shall have been first approved by Landlord, which approval shall not be unreasonably withheld. To remove, at County's expense, any changes, additions, signs, curtains, blinds, shades, awnings, aerals, flag poles, or the like not consented to in writing.
- F. To conform to all rules and regulations from time to time established by appropriate insurance rating organizations, and to all reasonable rules and regulations from time to time established by Landlord.
- G. To keep the Leased Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any use made by County and to procure all licenses and permits so required because of such use and, if requested by Landlord, to do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way County's Permitted Uses.

- H. To keep all of County's employees working in the Leased Premises covered by worker's compensation insurance in statutory amounts and to furnish Landlord with a current certificate thereof. County reserves the right to self-insure.

16. DESTRUCTION OF PREMISES: In the event of damage or destruction of the Leased Premises by fire or any other casualty, this Lease shall not be terminated, but the Leased Premises shall be promptly and fully repaired and restored as the case may be by the Landlord to the extent of Landlord's insurance proceeds provided such repair and or restoration returns the Leased Premises to substantially the condition prior to such damage or destruction. Due allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, national emergencies and other conditions beyond the control of the Landlord. It is agreed that in the event of damage or destruction, this Lease shall continue in full force and effect, except for abatement of rent as provided herein. If the condition is such as to make the entire Leased Premises "Untenantable", then the rental which the County is obligated to pay hereunder shall abate as of the date of the occurrence until the Leased Premises have been fully restored by the Landlord. Any unpaid or prepaid rent for the month in which said condition occurs shall be prorated and credited or paid to the appropriate party. If the Leased Premises are partially damaged or destroyed, then during the period that County is deprived of the use of the damaged portion of said Leased Premises, County shall be required to pay rental prorated to reflect that portion of the Leased Premises which continues to be "Tenantable" and appropriate for County's use. Landlord will proceed at its expense and as expeditiously as may be practicable to repair the damage. Notwithstanding any of the foregoing, in the event of substantial damage or destruction, and Landlord should decide not to repair or restore the Leased Premises or the building, in which event and at Landlord's sole option, Landlord may terminate this Lease forthwith, by giving County a written notice of its intention to terminate within sixty (60) days after the date of the casualty. No compensation, or claim, or diminution of rent other than as described above will be allowed or paid, by Landlord, by reason of inconvenience, annoyance, or injury to business, arising from the necessity of repairing the Leased Premises or any portion of the Building of which they are a part.

17. DELIVERY OF THE PREMISES: County covenants at the expiration or other termination of this Lease, to remove all goods and effects from the Leased Premises not the property of Landlord, and to yield to Landlord the Leased Premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to County), in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk for which County is not herein expressly made liable excepted.

18. DEFAULT:

- A. By County: In the event that rent, or any installment thereof, shall remain unpaid after it becomes due and payable, for ten (10) days after written notice to the County for same, or if County or County's assigns shall fail

or neglect to keep and perform each and every one of the terms of this Lease, and such failure or neglect continues for more than thirty (30) days (or such period as may reasonably be required to correct the default with exercise of due diligence,) after written notice to County from the Landlord specifying the default, then at the option of the Landlord, the Landlord and his assigns may proceed to recover possession under the laws of the State of Maryland. Landlord may also pursue any rights and remedies available for such default under the laws of the State of Maryland.

- B. By Landlord: In the event that the Landlord or his assigns shall fail or neglect to keep and perform each and every one of the covenants, conditions, and agreements contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as either otherwise provided herein on as may reasonably be required to correct the default with exercise of due diligence) after written notice from the County or his assigns specifying the default, then the County or his assigns, at County's option, may pursue any and all legal remedies available. It is understood, however, that Landlord shall be entitled to notice, hearing and opportunity to cure or contest any claimed violations of the foregoing as to the full extent provided by federal, state or local law.
- C. No default as hereinbefore provided shall be deemed complete unless at the time Landlord or County seeks to take any action based upon such alleged default the same shall remain uncured by the defaulting party.

19. HOLDOVER: If County shall hold possession of the Leased Premises after the expiration or termination of this Lease, at Landlord's option (i) County shall be deemed to be occupying the Leased Premises as a Tenant from month to month, not to exceed a period of 6 months during which time either party may terminate this Lease on thirty (30) days written notice, and will be otherwise subject to all of the terms and conditions of this Lease, or (ii) Landlord may exercise any other remedies it has under this Lease or at law in equity including an action for holding over after the date stipulated in Landlord's notice above.

20. QUIET POSSESSION: Contingent on the performance of all covenants, conditions and agreements herein contained to be performed on County's part, County shall at all times during the term of this lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes herein cited.

21. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the Parties that the Landlord and County, as their interests may appear and at their respective expense, will promptly comply with, observe and perform all of the requirements of all applicable Federal, State, County and Local statutes, ordinances, rules, orders and regulations in effect during the Lease Term.

22. WAIVER: The waiver at any time by the Landlord or County of any particular covenant or condition of this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of any character whatsoever.

23. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Landlord assures the County that in accordance with applicable law, it does not, and agrees that it will not discriminate in any manner on the basis of age, color, creed, ancestry, sex, martial status, disability, national origin, race, religious creed, sexual orientation or genetic status.

24. NON-APPROPRIATION: This lease is subject to the appropriation of funds. If funds are not appropriated, for any reason whatsoever, the Lease will automatically terminate on July 1 of the calendar year which the County does not appropriate funds. County shall give Landlord at least thirty (30) days written notice of the lack of appropriation. The County shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

25. CONTRACT SOLICITATION: Except for Jay Clogg Realty Group, Inc., Landlord represents that it has not retained anyone to solicit or secure this Lease from Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established, licensed commercial selling or leasing agencies maintained by the Landlord for the purpose of securing business or an attorney rendering professional legal service consistent with applicable canons of ethics.

26. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and Section 11B-52 of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

27. CONDEMNATION: In the event that the Leased Premises, or any part thereof, or more than twenty-five percent (25%) of the building of which the Leased Premises are a part is taken or condemned for public use or purpose by any competent authority, County shall have no claim against the Landlord and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation; and all rights of the County to damages therefore, if any, are hereby assigned by the County to the Landlord. Upon such condemnation or taking, the term of this Lease shall cease and terminate from the date of such governmental taking or condemnation and the County shall have no claim against the Landlord for the value of any unexpired term of this Lease. The foregoing notwithstanding, County shall be entitled to claim, prove and receive in the condemnation proceedings such awards as may be allowed for relocation expenses and for fixtures and other equipment installed by County which shall not, under the terms of this Lease, be or become the property of Landlord at the termination hereof, but only if such an award is made by condemning authorities in

addition to and stated separately from the award made for the land and the building or parts thereof so taken.

28. GENERAL PROVISIONS:

- A. Entire Agreement: It is further understood and agreed that this instrument contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing duly executed by the parties hereto.
- B. Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default.
- D. Governing Law: The provision of this Lease shall be governed by the laws of the State of Maryland. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

29. SUBORDINATION: Landlord shall have the absolute right to encumber the Leased Premises set forth in this Lease and the Lease, at the option of Landlord, shall be subordinate to such encumbrance or encumbrances. County agrees to sign acceptable and appropriate papers for subordination within ten (10) business days after Landlord's written request, provided such subordination shall be upon the express condition that the Lease shall be recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the initial Lease term or any extension thereof. In the event of a sale or transfer of the title to the aforesaid land and premises, any transferee shall be entitled to have this Lease subordinated to the lien and effect of any first deed of trust or mortgage to secure purchase money. County agrees to execute any subordination documents required by Purchaser, subject only to the reservations recited in this paragraph.

30. BENEFIT AND BURDEN: The provisions of this lease shall be binding upon, and shall inure to the benefit of the parties hereto and each of their respective representative, successors and assigns.

31. WAIVER OF JURY TRIAL: Should any controversy arise by and between the parties concerning any of the terms and conditions contained in this Lease, or the payment of monies due hereunder, each of the parties hereby knowingly, voluntarily and intentionally waives its right to a jury trial and freely elects to be tried by a court of competent jurisdiction without a jury in the State where the Leased Premises is located.

32. SIGNAGE: The County shall be permitted to install an exterior sign on the awning above the front of the Leased Premises and on the front glass of the building. All signage

shall be subject to County code and Landlord's approval, which shall not be unreasonably delayed, conditioned, or withheld.

33. PARKING: The County shall be entitled to seventeen (17) spaces. The County will pay, as additional rent, on the first day of each month, a reasonable current market rent for the spaces.

34. CONSTRUCTION: Landlord, at Landlord's expense, shall construct Leased Premises as shown in Exhibit B. Landlord shall complete construction, to the county's satisfaction, no latter than one hundred and twenty (120) days after the execution of the Lease Agreement.

35. MAIL NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given certified or registered mail, postage prepaid, or sent by facsimile addressed to Landlord or County respectively. Notice to the respective parties shall be addressed as follows:

LANDLORD:

Pavilion Partners Inc.,
c/o Loughlin Management Inc.,
1300 Mercontile Lane
Largo, Maryland 20774

COUNTY:

Leasing Mangement
Division Of Facilities and Services
101 Orchard Ridge Drive
Gaithersburg, Maryland 20878

Tel #: 240-777-6080
Fax #: 240-777-6047

With copy to:

Office of the County Attorney for Montgomery County, Maryland
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have caused this LEASE to be properly executed.

WITNESS:

By: Jackie Truffelman

JACKIE TRUFFELMAN
Notary Public, State of New York
No. 01TR6052642
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires 12/26/08

WITNESS:

By: Rebecca Domaruk

LANDLORD:

PAVILION PARTNERS, INC.,
A NEW YORK CORPORATION

By: Howard J. [Signature]

Title: VICE PRESIDENT

Date: 4/14/03

TENANT:

MONTGOMERY COUNTY, MARYLAND

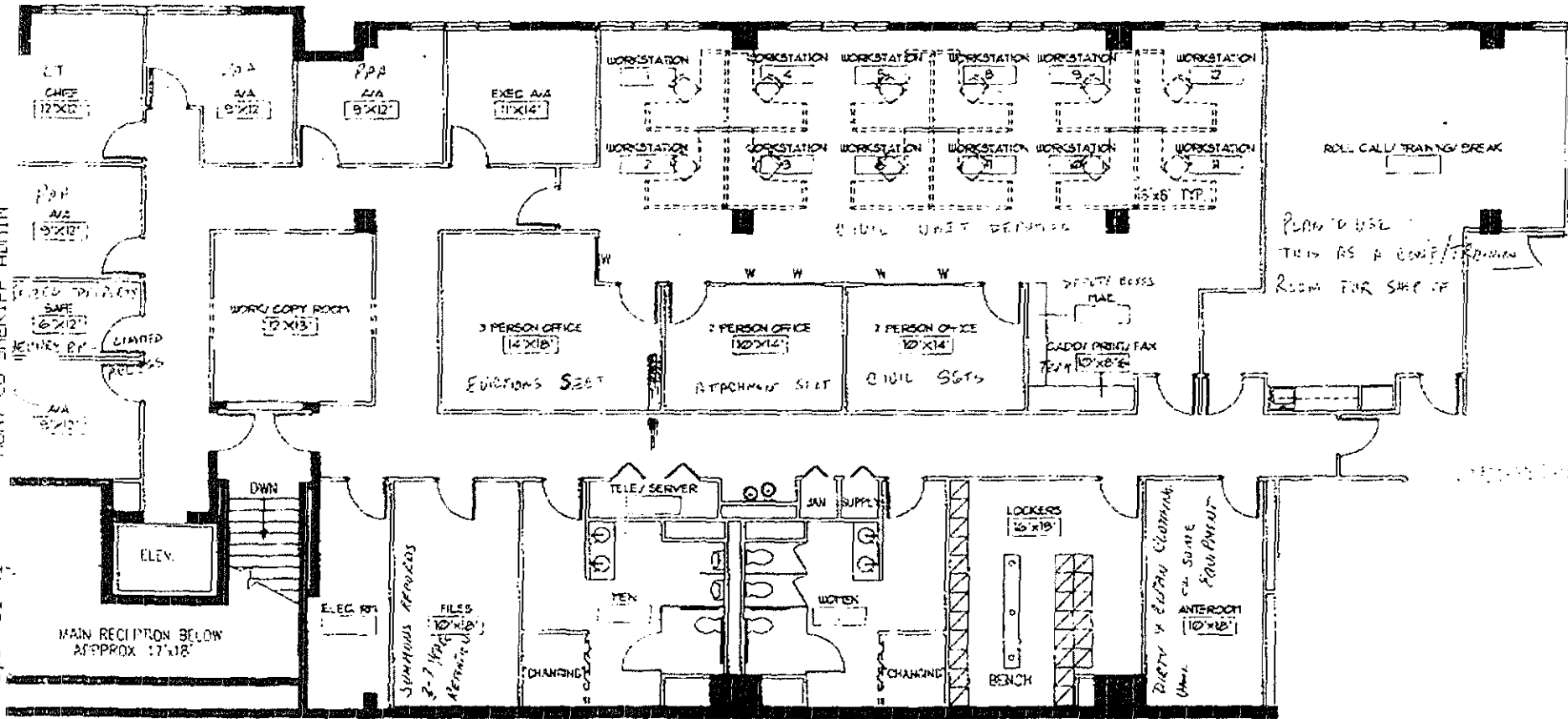
By: William M. Mooney
WILLIAM MOONEY, ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Date: 4/17/03

APPROVED AS TON FORM & LEGALITY RECOMMENDED:
OFFICE OF THE COUNTY ATTORNEY

By: Gideon B. Basan By: [Signature]
J. RONALD SMITH, CHIEF
FACILITES AND SERVICES SECTION

Date: 4/9/2003 Date: 4/9/03



○ SHERIFF'S OFFICE
SCALE: $\frac{1}{8}" = 1'-0"$

ADDENDUM

The foregoing and attached Lease Agreement dated April 15, 2003 (the "Lease"), between PAVILION PARTNERS INC., a Delaware corporation ("Landlord"), and MONTGOMERY COUNTY, MARYLAND ("County"), is modified, amended, and/or supplemented as hereinafter set forth, and any language or provision in said Lease inconsistent or in conflict with the following and not herein expressly referred to, shall be deemed appropriately amended or modified.

1. TERM. Section 2 of the Lease is hereby deleted in its entirety and is hereby replaced with the following.

2. TERM. The Term of this Lease shall be five (5) "Lease Years" (as defined below). The term shall commence on the date that Landlord delivers possession of the Leased Premises to County (the "Lease Commencement Date"), and unless sooner terminated, shall expire on the last day of the fifth (5th) Lease Year (the "Expiration Date"). The period beginning on the Lease Commencement Date and ending on the last day of the twelfth (12th) full calendar month next succeeding the Lease Commencement Date shall constitute the first Lease Year as used herein, and each successive period of twelve (12) months thereafter shall constitute a Lease Year.

2. RENT. All amounts payable to Landlord shall be payable c/o Loughlin Management, Inc., 1300 Mercantile Lane, Suite 139, Largo, Maryland 20774, or at such other place designated by Landlord, without any deduction or set off whatsoever. Landlord and County agree that the parties will execute a letter setting forth the Lease Commencement Date. In the event that the Lease Commencement Date occurs on any day other than the first (1st) day of a calendar month, or the Expiration Date occurs on other than the last day of a calendar month, then the monthly installment of annual rent for such month shall be appropriately adjusted based on the number of days in such calendar month. County shall pay, as additional rent, five percent (5%) of any installment of rent (or any such charge as may be considered additional rent under any other provision of this Lease) when paid more than ten (10) days after the due date. Despite the foregoing, if any such installment of additional rent is not required to be paid by County to Landlord on a regular basis (i.e., installments of monthly base rent and monthly estimates of passthroughs of increases in Operating Expenses and Real Estate Taxes are required to be paid by County on a regular basis), then such five percent (5%) charge shall not be incurred unless such installment is paid more than thirty (30) days after County receives notice that such amount was due and payable.

3. USE. The following language shall be added to the end of Section 5 of the Lease:

- (i). County shall continuously conduct the business above stated in the Leased Premises. County, at its sole cost and expense, shall comply with all applicable laws, ordinances, regulations, statutes, codes and requirements of all Federal, State and local governmental agencies and authorities. Notwithstanding anything herein to the contrary, County shall not use (and shall not permit any party to use) the Leased Premises for any of the uses or purposes that are set forth on Exhibit "A" which is attached to and made a part hereof.
- (ii). The use and occupancy by the County of the Leased Premises shall include the use in common with others entitled thereto of the common areas, parking areas, service roads, sidewalks, elevators, access walks and ramps, and other facilities as may be designated from time to time by the Landlord, subject however to the terms and conditions of this agreement and to reasonable rules and regulations for the use thereof as prescribed from time to time by the Landlord.
- (iii). Excluding normal and customary office supplies which are used, handled, stored and disposed of by County in accordance with all applicable governmental rules, laws, orders, acts and statutes, County and County's employees, contractors and agents shall not dispose of or generate, manufacture, store, treat or use any oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous waste or hazardous substance including, without limitation, asbestos (hereinafter collectively referred to as "hazardous waste"), as those terms are used in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or in any other federal, state or local law governing hazardous substances (hereinafter collectively referred to as the "Act"), as such laws may be amended from time to time at, upon, under or within the Leased Premises or the Building or the land on which it is built, or into the plumbing or sewer or water system servicing the Leased Premises or the Building, nor shall County, its employees, contractors or agents cause the discharge, spillage, uncontrolled loss, seepage or filtration of any hazardous waste at, upon, under or within the Leased Premises or the Building.

4. REAL ESTATE TAXES. Section 5 of the Lease is deleted in its entirety and is hereby replaced with the following:

5. REAL ESTATE TAXES:

- (i). The Landlord shall forward to the County an annual statement setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the land and improvements of which the Leased Premises are a part. Within thirty (30) days after receiving such statement, the County shall pay to the Landlord, the County's pro-rata share (as hereinafter defined) of any increases in the said Real Estate Taxes over the Real Estate Taxes assessed against the land and improvements of which the Leased Premises are a part during the Base Year. The Base Year is hereby defined to be the period from July 1, 2003 through June 30, 2004. The Landlord's statement shall contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required.
- (ii). Intentionally Deleted.
- (iii). For the purposes of this Section, County's pro-rata share of increases in Real Estate Taxes over Real Estate Taxes for the Base Year shall be deemed to be 6.67% of any such increase, which pro-rata share has been calculated by dividing (x) the rentable area of the Leased Premises, by (y) the rentable area of the Building. County's pro-rata share shall be modified during the term in the event that (a) the rentable area of the Building is modified or (b) the rentable area of the Leased Premises is modified pursuant to the express terms of this Lease or pursuant to a written agreement that is signed by Landlord and County.
- (iv). The term "Real Estate Taxes" shall be deemed to mean all property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the land, building and improvements of which the Leased Premises are a part, including all taxes, rates and assessments, general and specific, levied or imposed for schools, public betterment, general or location improvements and operations, all fees and charges in connection with any business improvement district, and taxes imposed in connection with any special taxing district. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land, buildings

and improvements by an appropriate taxing authority, the new tax or levy shall be included within the term "Real Estate Taxes". Should any governmental taxing authority acting under any regulations, levy, assess or impose a new tax against the rent expressly reserved hereunder, as a substitute or in addition to any existing real estate taxes on land and improvements or otherwise, such a tax or excise on rents shall be included within the term Real Estate Taxes. Real Estate Taxes shall also include all expenses (including, without limitation, reasonable attorneys' fees, reasonable consultants' fees and reasonable court costs) in protesting or seeking a reduction of Real Estate Taxes, whether or not such protest or reduction is ultimately successful. Real Estate Taxes shall not include any in-house costs that are incurred by Landlord in protesting or seeking a reduction of Real Estate Taxes. In the event that Landlord contests Real Estate Taxes with respect to any period during which County has paid to Landlord increases in Real Estate Taxes over the Real Estate Taxes for the Base Year and in connection with such contest, Landlord receives a refund of any Real Estate Taxes that were previously paid by Landlord with respect to such period, then Landlord shall pay to County, after deducting all costs and amounts incurred by Landlord in connection with such tax contest (other than any in-house costs that are incurred by Landlord in protesting or seeking a reduction of Real Estate Taxes), County's share of such refund.

5. INSURANCE/INDEMNIFICATION. Tenant shall maintain workers compensation insurance in accordance with all applicable governmental laws.

6. SERVICES. Section 8 of the Lease is deleted in its entirety and is replaced with the following:

- (i). Landlord, at Landlord's sole expense, shall provide all maintenance and repair of building and mechanical equipment including but not limited to building fixtures, roof, electrical systems, heating and air conditioning systems, plumbing systems and any other building element, whether it be located within or outside the Leased Premises, and whether it constitutes a structural or non-structural building feature, only excepting damage caused to the Leased Premises or the building of which they are a part solely as a result of County's negligent acts or omissions. Landlord, at Landlord's

sole expense, shall be responsible for full service maintenance and repair of the Leased Premises and the building of which they are a part. The costs incurred by Landlord in connection with such repair and maintenance shall be included as a part of "Operating Expenses" (as hereinafter defined).

- (ii). Landlord, at Landlord's sole expense, shall provide regular janitorial services within the Leased Premises, Monday thru Friday, exclusive of legal County, State or Federal holidays.
- (iii). Landlord, at Landlord's sole expense, shall provide full service maintenance, cleaning and upkeep of all common areas within the Building, including, but not limited to, the removal or treatment of snow and ice from sidewalks, and other exterior common areas of the building of which the Leased Premises are a part.
- (iv). Excluding janitorial services, which shall be provided by Landlord as set forth above, County shall throughout the Term, and any extension thereof, be entirely responsible for the expenses of the business conducted in the Leased Premises. Such expenses shall include, but are not limited to, all costs and expenses paid or incurred by County in connection with the ownership, management, and operation of its business conducted in the Leased Premises, which costs shall include, but not be limited to heating, cooling, and ventilating the Leased Premises; gas and electric consumption; insurance as hereinafter defined; and all other utility costs and other costs and herein provided, provided, however, pursuant to the provisions of Section 6(i) above, Landlord is obligated to maintain and repair the Building and the mechanical equipment. Landlord, at Landlord's expense, shall have the option to install or cause to be installed, meters (and/or submeters) necessary for the calculation of electricity and gas used, consumed or supplied to the Leased Premises. Despite the foregoing, the cost of water and sewer used in the Premises shall not be paid for by Tenant under this Section, but instead shall be included as part of Operating Expenses.
- (v). Landlord agrees to maintain the Building, including the Leased Premises, to the same standard that owners of other similar buildings that are similar to the Building, and that are located in the vicinity of the Building are maintaining their buildings.
- (vi). Landlord shall provide elevator service to the Leased Premises.

- (vii). In the event that (a) Landlord fails to provide any services or perform any repairs that Landlord is obligated to provide or perform under this Lease, (b) as a result of such failure, County is unable to use and occupy the Leased Premises (or any part thereof) for a period in excess of ten (10) consecutive days, and (z) County in fact does not use or occupy the Leased Premises (or any part thereof) for a period in excess of ten (10) consecutive days, then, commencing on the eleventh (11th) day and continuing until the date on which such Leased Premises can be used and occupied, the annual rent payable by County hereunder shall abate with respect to that part of the Leased Premises that County does not use and occupy.

7. INTENTIONALLY DELETED.

8. UTILITIES. Section 10 of the Lease is hereby deleted in its entirety and is hereby replaced with the following:

10. OPERATING EXPENSES; COMMON AREAS: County shall reimburse to Landlord, as additional rent, a monthly amount to reflect the County's pro-rata share of any increases in the cost of Operating Expenses for the Building, over and above the said operating expenses for the "Initial Operating Expense Year" (as hereinafter defined). Beginning January 1, 2005, County shall pay to Landlord, in equal monthly installments, County's pro-rata share of any such increases in the cost of Operating Expenses. Annual adjustments shall occur each January during the Lease term.

- (i). The Initial Operating Expense Year shall be deemed to mean the period from January 1, 2004 through December 31, 2004.
- (ii). For purposes of this Section, County's pro-rata share of increases in "Operating Expenses" (as hereinafter defined) over the Initial Operating Expense Year cost shall be 29.82% of any such increase, which pro-rata share has been calculated by dividing (x) the rentable area of the Leased Premises by (y) the rentable area of the Building that is currently designated by Landlord for use as office space (the "Office Rentable Area"). County's pro-rata share shall be modified during the term in the event that (a) the rentable area of the Building is modified, (b) the Office Rentable Area is modified by Landlord to reflect that (x) rentable area that was originally designated as part of the Office Rentable Area is then being used for retail purposes and the utility and other costs that are attributable to the retail use of such rentable area are not being included as part of Operating Expenses hereunder and/or (y)

rentable area that was originally designated as being excluded from the Office Rentable Area is then being used for office purposes, or (c) the rentable area of the Leased Premises is modified pursuant to the express terms of this Lease or pursuant to a written agreement that is signed by Landlord and County. In the event that Landlord provides any service, such as snow removal or landscaping, which directly benefits any tenant who leases space in that portion of the Building that is not a part of the Office Rentable Area, and the cost of such service would otherwise be included as part of Operating Expenses, then, for purposes of this Section, County's pro-rata share of such cost shall be determined by dividing (x) the rentable area of the Leased Premises by (y) the rentable area of all space in the Building for which Landlord is providing such service. In the event that (x) Landlord provides special services to other tenants of the Building, (y) the cost of such special services would not otherwise be included as part of Operating Expenses, and (z) such special services are not being provided to County, then the cost of such special services shall not be charged to County as part of Operating Expenses.

- (iii). "Operating Expenses" shall be deemed to refer to any expenses incurred by Landlord in direct relationship to operating, maintaining, repairing, insuring and servicing the Building, including common areas and related exterior areas and appurtenances, and shall include utilities, management costs, insurance costs, general maintenance and repair, janitorial services, trash removal, pest control, and other expenses incurred by the Landlord in the operation of the Building. Operating Expenses shall also include cost of any capital improvements or alterations made to the Building after the date of this Lease which are intended to reduce Operating Expenses, or which are required under any governmental law or regulation that was not applicable to the Building at the time the Lease was signed by the parties (such Operating Expenses shall hereinafter be referred to as the "Permitted Capital Expenditures"). It is expressly understood and agreed that the cost of any Permitted Capital Expenditures shall be amortized over the useful life of the capital improvement or alteration as reasonably estimated by Landlord. In the event that the cost of any item paid to any entity or person that is related to or affiliated with Landlord exceeds the amount payable for such services at then existing market rates to unrelated persons or entities, then, the excess costs shall be excluded from Operating Expenses. Notwithstanding anything in this Lease to the contrary,

except for the Permitted Capital Expenditures, Operating Expenses shall not include the cost of capital improvements. The preceding list is for definitional purposes only and shall not impose any obligation upon Landlord to incur such expenses or provide such services. In the event Landlord, though under no obligation to do so, elects, in the exercise of its sole and absolute discretion, to provide or cause to be provided security services, including, without limitation, a security patrol or security system for the Building and/or the garage which serves the Building, the cost of such security services shall be included in Operating Expenses. In the event Landlord so elects to provide any such security services, then, Landlord shall not be responsible for the quality of any such security services or for damage or injury to County, its customers, invitees, employees or others because of the failure, action or inaction of such security services.

- (iv). Intentionally Deleted.
- (v). Landlord shall submit to County on an annual basis a statement in reasonable detail, setting forth the Operating Expenses for the Initial Operating Expense Year as well as the estimated Operating Expenses for the year for which payment is requested. County shall pay to Landlord its share of the estimated increase in Operating Expenses over the Initial Operating Expense Year in twelve (12) equal monthly installments. At the conclusion of each calendar year, if the estimated share of increases in Operating Expenses paid by County is less than the actual share of the increase in cost for the previous calendar year, County shall pay the additional sums to Landlord within thirty (30) days after receipt of Landlord's statement. If County's payments during any calendar year exceed the calculated actual increase in County's share of Operating Expenses, Landlord shall notify the County of the amount of the overpayment, and credit any such overpayment against future Operating Expense costs to County as such costs arise. If any overpayment remains upon the expiration or earlier termination of this Lease, then, provided County is not in default under this Lease, such amount shall be promptly reimbursed by Landlord to County.
- (vi). For a period of ninety (90) days after County's receipt of any such annual statement, County, or an independent, certified public accountant who is hired by County on a noncontingent fee basis and who offers a full range of accounting services, shall have the

right, during regular business hours and after giving at least ten (10) days' advance written notice to Landlord, to inspect and complete an audit of Landlord's books and records relating to Operating Expenses for the immediately preceding calendar year. To the extent that applicable law provides that the County has a longer period to conduct an audit, then the foregoing ninety (90) day period shall be extended in accordance with applicable law. Except to the extent that County is compelled to make such information publicly available in connection with a request made under the Public Information Act, County shall (and shall cause its employees, agents and consultants to) keep the results of any such audit or audited statement strictly confidential. If such audit or audited statement shows that the amounts paid by County to Landlord on account of increases in Operating Expenses exceed the amounts to which Landlord is entitled hereunder, Landlord shall credit the amount of such excess (the "Operating Expense Credit") toward the next monthly payments of Operating Expenses due hereunder. Despite the foregoing, in the event that County, after receiving any statement that reflects that County is entitled to an Operating Expense Credit, requests in writing that Landlord pay to County the amount of the Operating Expense Credit in lieu of providing County with a rental credit, then, to the extent that County has not already received a rent credit, Landlord shall pay to County the Operating Expense Credit within thirty (30) days after Landlord receives such request. All costs and expenses of any such audit shall be paid by County. Despite the foregoing, if any such audit discloses that Landlord has overstated the Operating Expenses for the Building during any calendar year by more than ten percent (10%) of the actual Operating Expenses for the Building during such calendar year, then Landlord shall reimburse County for the reasonable, actual amount that County paid to such certified public accountant to perform such audit for such calendar year. If County does not notify Landlord in writing of any objection to any statement within ninety (90) days after receipt thereof (or within such longer period of time as may be expressly provided for under applicable law), then County shall be deemed to have waived such objection.

- (vii). In this Lease, "common areas" means all areas, facilities and improvements provided, from time to time, in the Building for the mutual convenience and use of tenants or other occupants of the Building, their respective agents, employees, and invitees and shall include, if provided, but shall not be limited to, the lobbies and hallways, the public restrooms, the parking areas and facilities,

access roads, driveways, retaining walls, sidewalks, walkways, landscaped areas, and exterior lighting facilities.

- (viii). Landlord shall, as between Landlord and County, at all times during the term of the Lease have the sole and exclusive control, management and direction of the common areas, and may at any time and from time to time during the term exclude and restrain any person from use or occupancy thereof, excepting, however, County and other tenants of Landlord and bona fide invitees of either who make use of said areas in accordance with the rules and regulations established by Landlord from time to time with respect thereto. The rights of County in and to the common areas shall at all times be subject to the rights of others to use the same in common with County. Landlord may at any time and from time to time close all or any portion of the common areas to make repairs or changes or to such extent as may, in the opinion of Landlord, be necessary to prevent a dedication thereof or the accrual of any rights to any person or to the public therein, to close any or all portions of the said areas to discourage non-customer parking, and to do and perform such other acts in and to said areas as, in the exercise of good business judgment, Landlord shall determine to be advisable with a view to the improvement of the convenience and use thereof by tenants, their employees, agents, and invitees.
- (x). Notwithstanding anything herein to the contrary, Landlord reserves the right at any time and from time to time, as often as Landlord deems desirable, without incurring any liability to County or otherwise affecting County's obligations under this Lease, to make changes, alterations, additions, improvements, repairs, relocations or replacements in or to the Building and the fixtures and equipment thereof, as well as in or to the street entrances, halls, passages, stairways and other common facilities thereof, and to change the Building's address. Landlord reserves the right from time to time to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building, above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Leased Premises which are located in the Leased Premises or located elsewhere outside the Leased Premises, and to expand and/or build additional stories on the Building, provided in no event shall any such action by Landlord materially and adversely interfere with

the use of the Leased Premises for office purposes. Nothing contained herein shall be deemed to relieve County of any duty, obligation or liability with respect to making any repair, replacement or improvement or complying with any law, order or requirement of any government or other authority and nothing contained herein shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair of the Building, or any part thereof, other than as expressly provided in this Lease.

9. JANITORIAL SERVICES. All costs incurred by Landlord in connection with Landlord performing its obligations under Section 11 of the Lease shall be included as part of Operating Expenses.

10. ALTERATIONS. Section 12A. of the Lease is hereby deleted in its entirety and is hereby replaced with the following:

A. County shall not make any modifications, alterations, improvements or changes to the Leased Premises during the term of this Lease without prior written approval from the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Any such approved alterations, improvements, modifications, or changes shall, at Landlord's sole discretion, be performed by Landlord's contractor or County's contractor (with the approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed), at the County's sole cost and expense, in a good and workmanlike manner, in accordance with all applicable laws. If Landlord requires either architectural plans or a full set of construction drawings, County shall provide said plans for Landlord's approval at County's cost. Landlord reserves the right to stop any work in progress which is not in compliance with the approved plan and/or all applicable building codes. If, upon completion of such work, Landlord's inspection of the Leased Premises reveals work not done in accordance with the approved plans and specifications and/or all applicable building codes, County agrees to have the work corrected to comply with the approved plans and specifications and/or applicable building codes, at County's expense. All alterations, installations, changes, replacements, additions to or improvements including "wall-to-wall" carpet, upon the Leased Premises (whether with or without Landlord's consent), shall, except as otherwise provided for herein, remain upon the Leased Premises and be surrendered with the Leased Premises at the expiration of this Lease without disturbance, molestation, or injury. At the time that Landlord approves, in writing, any proposed alteration to the Leased Premises, Landlord shall notify County in writing whether County will be

required to remove such alteration upon the termination of this Lease. Notwithstanding anything herein to the contrary, (i) County shall have no obligation to remove any alterations that are made by Landlord to the Leased Premises as part of the initial build-out of the Leased Premises, (ii) Landlord shall have the right, in the exercise of its sole and absolute discretion, to condition granting its approval to any proposed alteration upon County's agreeing to remove such alteration upon the termination of this Lease, and (iii) in the event Landlord has conditioned its approval of any proposed alteration on County's agreeing to remove the same at the termination of this Lease, then County hereby agrees to cause same to be removed at the County's sole cost and expense. Should County fail to remove the same, then and in such event the Landlord may cause same to be removed at County's expense and County hereby agrees to reimburse Landlord as additional rental for the reasonable cost of such removal, together with any and all damages which Landlord may suffer and sustain by reason of the failure of County to remove the same.

B. The last sentence of Section 12C. of the Lease shall be deleted in its entirety.

11. ASSIGNMENT AND SUBLETTING.

(a) The second sentence of Section 14 of the Lease is hereby deleted in its entirety.

(b) The following language shall be inserted at the end of Section 14 of the Lease:

Despite the foregoing, Landlord's consent to a proposed assignment of this Lease or proposed subletting of the entire Leased Premises shall not be unreasonably withheld, provided, however, that it shall not be unreasonable for Landlord to withhold its consent on the basis that (i) ~~the proposed assignee's or subtenant's net worth and/or net income is unacceptable to Landlord, or~~ (ii) the proposed assignee's or subtenant's proposed use of the Leased Premises is not in keeping with a first class office building, or (iii) the proposed assignee or subtenant is a tenant or occupant of the Building. In the event County desires to sublet all or a part of the Leased Premises, County shall give to Landlord thirty (30) days' written notice of County's intention so to do. Any assignment or subletting consented to by Landlord shall not relieve County from any of its obligations under this Lease, and such consent by Landlord shall not be effective unless and until (i) County gives written notice thereof to the Landlord, (ii) such assignee or subtenant shall deliver to Landlord a written agreement in form and substance satisfactory to Landlord pursuant to

which such assignee or subtenant assumes all of the obligations and liabilities of the County hereunder, and (iii) such assignee or subtenant shall deliver to Landlord a certified copy of the assignment agreement or sublease, which assignment agreement or sublease shall be in form and substance reasonably acceptable to Landlord.

12. COUNTY'S COVENANTS. The following shall be inserted at the end of Section 15 of the Lease:

I. County will not do or permit anything to be done in the Leased Premises or the Building of which they form a part or bring or keep anything therein which shall in any way increase the rate of fire or other insurance that is maintained by Landlord on said Building, or on the property kept therein, or conflict with the fire laws or regulations, or with any insurance policy upon said building or any part thereof that is maintained by Landlord, or with any statutes, rules or regulations enacted or established by the appropriate governmental authorities. In the event that County fails to comply with the provisions of the immediately preceding sentence, Landlord shall provide to County written information which reasonably evidences such failure, and County shall have a period of fifteen (15) days from its receipt of such information to cure such failure. County will not use or permit the Leased Premises or any part thereof to be used for any disorderly, unlawful or extra hazardous purpose nor for any purpose other than hereinbefore specified; and will not manufacture any commodity therein, without the prior written consent of the Landlord. County will conduct no noxious, unhealthy or offensive trades, services or activities in the Leased Premises, nor shall anything be done therein which may be or become an annoyance or nuisance to the general public or any other lessee of the building by reason of unsightliness or the emission of fumes, odors, gases, dust, waste, smoke or noise.

J. All personal property of the County in the Leased Premises or in the building of which the Leased Premises are a part shall be and remain at the sole risk of County. Landlord shall not be liable for any loss of or damage to property of County resulting from the use or operation of elevators, the heating, cooling, electrical or plumbing apparatus, or from water, steam, theft or other causes, other than damages resulting from Landlord's willful or negligent acts or omissions.

K. Landlord assumes no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted in the Leased Premises by County. Landlord shall not be liable for any accident to or injury to any person or persons or damage to property in or

about the Leased Premises which may result from the conduct or operation of County's business or which involve equipment or property of County in said premises, other than damages resulting from Landlord's willful or negligent acts or omissions. County agrees to hold Landlord harmless against all such claims.

L. Subject to the provisions of Paragraph 11 hereto, County covenants and agrees to maintain the Leased Premises in good order and condition, and surrender the Leased Premises at the expiration or other termination hereof in the same order and condition in which Landlord delivered possession of the Leased Premises to County, usual wear and tear and damage by fire, storm, public enemies and any other risks with respect to which County is not herein made expressly liable excepted. Maintenance and repair of equipment, such as kitchen fixtures, auxiliary air-conditioning equipment, private bathroom fixtures and any other type of special equipment, whether installed by County or by Landlord on behalf of County, shall be the sole responsibility of County, and Landlord shall have no obligation in connection therewith.

13. DAMAGE TO PREMISES.

(a) Notwithstanding anything in the Lease to the contrary, in the event the "County Insurance Payment" [as defined in Section 13(d) below] is insufficient to fully restore all improvements, fixtures, equipment and furnishings (collectively, the "County Improvements"), (i) Landlord and County shall mutually agree upon the scope of the restoration work to be performed with respect to the leasehold improvements, and (ii) in no event shall Landlord be obligated to expend any sum in excess of County Insurance Payment in connection with the restoration of County improvements. If repair, restoration or rebuilding requires more than two hundred seventy (270) days to complete, then Landlord or County, at their election, may terminate this Lease and the tenancy hereby created by giving the other, within sixty (60) days following the date of such occurrence, written notice of their election to terminate, and in the event of such termination, rent shall be adjusted as of such date.

(b) In the event the Leased Premises is damaged by fire or other casualty, and such damage is not repaired within three hundred thirty (330) days after the date of the damage, then County shall have the right, exercisable upon written notice to Landlord within ten (10) days after the expiration of such three hundred thirty (330) day period, to terminate this Lease. In the event that County timely delivers such notice of termination to Landlord, then, unless Landlord, within thirty (30) days after its receipt of such termination notice, delivers the Leased Premises to County in substantially the same condition that existed immediately prior to such damage, then this Lease shall terminate as of the thirtieth (30th) day after the date that Landlord

receives such notice of termination and the parties shall be relieved of all further liability hereunder. In the event County fails to timely exercise such termination right, County shall be deemed to have irrevocably waived its right to terminate this Lease on account of such damage.

(c) If more than fifty percent (50%) of the rentable area of the Building is rendered untenantable (even if the Leased Premises is undamaged), then Landlord may, within ninety (90) days after such fire or other casualty, terminate this Lease by giving County a notice in writing of such decision, and thereupon the term of this Lease shall expire by lapse of time upon the sixtieth (60th) day after such notice is given, and County shall vacate the Leased Premises and surrender the same to Landlord. Upon the termination of this Lease under the conditions hereinbefore provided, County's liability for Rent and additional rent shall cease as of the day following the casualty, and all prepaid rent for the period that occurs after the date of such casualty shall be promptly refunded to County. Despite the foregoing, Landlord shall not exercise its right of termination under this Section 13(c) as a pretext for the purpose of leasing the Leased Premises to another person or entity.

(d) The proceeds payable under all casualty insurance policies maintained by Landlord on the Leased Premises shall belong to and be the property of Landlord, and County shall not have any interest in such proceeds. County agrees to look to County's casualty insurance policies for the restoration and replacement of all of the improvements installed in the Leased Premises by County or at County's request and County's fixtures, equipment and furnishings in the Leased Premises. In the event that Landlord, in accordance with the terms of the Lease, elects to rebuild the Leased Premises, County shall pay to Landlord, upon Landlord's request, in accordance with customary construction draw practices, the proceeds of said insurance (the "County Insurance Payment"), subject to the provisions of Section 13(c) above. Notwithstanding anything to the contrary in this Section 13 or in any other provision of the Lease, any obligation (under this Lease or otherwise) of Landlord to restore all or any portion of the Leased Premises shall be subject to Landlord's receipt of approval of such restoration by the mortgagee(s) of Landlord (and any other approvals required by applicable laws), as well as receipt from any such mortgagee(s) of such fire and other hazard insurance policy proceeds as may have been assigned to any such mortgagee; it being agreed that if Landlord has not received such approval(s) and other proceeds within one hundred and eighty (180) days after any such casualty, then Landlord shall have the option to terminate this Lease, at any time thereafter, upon sixty (60) days prior notice to County. Landlord agrees to use commercially reasonable efforts to obtain such approvals and proceeds.

14. DEFAULT.

(a) The following language shall be added at the end of Section 18A. of the Lease:

In the event of such re-entry by process of law or otherwise, County nevertheless agrees to remain answerable for any and all damage, deficiency or loss of rent which the Landlord may sustain by such re-entry, including reasonable attorney's fees, costs of litigation and court costs; and in such case, the Landlord reserves full power, which is hereby acceded to by County, to relet the said premises for the benefit of County, in liquidation and discharge, in whole or in part, as the case may be, of the liability of County under the terms and provisions of this Lease. No payment by County or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease.

(b) The following language shall be inserted after Section 18C. of the Lease as new Section 18D.:

D. County agrees to give any mortgagee(s) and/or trust deed holder(s), by certified or registered mail, postage prepaid, return receipt requested, a copy of any notice of any failure by Landlord to fulfill any of its obligations under this Lease, provided that prior to such notice County has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such mortgagee(s) and/or trust deed holder(s). County further agrees that the mortgagee(s) and/or trust deed holder(s) shall have such time as reasonably may be necessary to cure such failure as long as any mortgagee(s) and/or trust deed holder(s) has commenced, within sixty (60) days after the date such mortgagee or trust deed holder(s) received such notice of default, and is thereafter diligently pursuing the remedies necessary to cure such failure (including, but not limited to, time to take possession and/or commence foreclosure proceedings, if necessary, to effect such cure). Notwithstanding anything herein to the contrary, so long as any mortgagee(s) and/or trust deed holder(s) has timely commenced and is diligently pursuing the remedies necessary to

cure such failure (including, but not limited to, taking possession and/or commencing foreclosure proceedings, if necessary, to effect such cure), County shall have no right to terminate this Lease as a result of any such failure by Landlord.

15. CONTRACT SOLICITATION. County represents and warrants to Landlord that it has not hired nor employed a broker or finder in connection with the Lease. County agrees to indemnify and hold Landlord harmless from and against any damages which arise as a result of the foregoing breach.

16. QUIET ENJOYMENT. Section 20 of the Lease is deleted in its entirety and is hereby replaced with the following:

20. QUIET ENJOYMENT. Landlord covenants that County, on paying the rents reserved herein and performing the covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the Leased Premises and all rights, easements, appurtenances and privileges thereunto belonging or in any way appertaining without any encumbrance or hindrance by or from anyone lawfully claiming through Landlord, during the full term of this Lease, and any extension or renewals hereof.

17. CONDEMNATION.

(a) The third sentence of Section 27 of the Lease is hereby deleted in its entirety.

(b) The following language shall be added to the end of Section 27 of the Lease:

Subject to the provisions of the sentence which immediately follows this sentence, Landlord reserves, and County hereby assigns to Landlord, all rights to damages accruing on account of any taking by eminent domain of the Leased Premises, or the Building of which they are a part, or the leased fee hereby created. Although all damages in the event of any condemnation are to belong to the Landlord whether such damages are awarded as compensation for diminution in value of the building or the fee of the Leased Premises, County shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by County's business or leasehold interest by reason of the condemnation and for or on account of any cost or loss which County may incur as a result of the taking by eminent domain, provided in no event shall any such claim, award or compensation result in the reduction of the award or compensation made by the condemning authority to Landlord.

18. SUBORDINATION. Section 29 of the Lease is deleted in its entirety and is hereby replaced with the following:

29. SUBORDINATION.

- (i). County hereby agrees that this Lease and the terms and provisions thereof shall be subject and subordinate to the lien, terms, and provisions of any mortgage or deed of trust (including a mortgage or deed of trust by virtue of this or other subordination) heretofore or hereafter placed upon or affecting the real property of which the Leased Premises form a part, to all renewals, modifications, consolidations, replacements, and extensions thereof, and to any supplementary security documents involving mortgage or deed of trust loan proceeds. This clause shall be self-operative and no further instrument of subordination shall be required. County shall execute promptly any certificate that Landlord may request provided that such subordination shall be on the express condition that the Lease shall be recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the term of the Lease.
- (ii). In the event that the landlord under any ground or underlying leases, the holder of any mortgage or the beneficiary of any deed of trust now or hereafter affecting such leases or the real property of which the Leased Premises form a part, or any foreclosure purchaser pursuant to such mortgage or deed of trust or any of their respective successors or assigns shall succeed to the right of Landlord under this Lease, whether through possession, delivery of a new lease or foreclosure action or sale, County shall recognize such successor as Landlord under this Lease and shall promptly execute and deliver any instrument that may be necessary to evidence such a recognition, and this Lease shall continue in full force and effect as a direct lease between such successor Landlord and County, upon and subject to all terms, covenants and conditions of this Lease.

19. SIGNAGE. Section 32 of the Lease is deleted in its entirety.

20. PARKING. Section 33 of the Lease is deleted in its entirety and is hereby replaced with the following language:

- (i). County shall have the right to purchase eighteen (18) parking permits in the Building's parking facility at the current rate which is then being charged by Landlord (which rate is currently \$70 per permit, per month), which rate may increase from time to time. The Building's parking facilities may be located on land that is not adjacent to, nor a part of the Building. Landlord shall have the right, in its sole discretion, to change, from time to time, the location of the Building's parking facilities. County shall not use parking for overnight storage of vehicles. In the event the Lease Commencement Date occurs on any day other than the first day of a month, or the Expiration Date occurs on other than the last day of a calendar month, then the monthly fee for such parking contracts for such month shall be appropriately adjusted based on the number of days in such calendar month.
- (ii). All parking areas and facilities furnished by Landlord in the Building, including employee parking areas, pedestrian sidewalks and ramps, landscaped areas, exterior stairways, comfort stations and other areas and improvements which may be provided by Landlord for the use of tenants, their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Landlord. Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned in this paragraph, provided such rules and regulations are not inconsistent with the terms of this Lease. Landlord shall not enforce any such rules and regulations against County in a discriminatory manner.

21. CONSTRUCTION. Section 34 of the Lease is hereby deleted in its entirety and is hereby replaced with the following:

34. CONSTRUCTION OF LEASED PREMISES:

(a) Landlord agrees, at Landlord's sole cost and expense, to construct in a good and workman-like manner the "Landlord's Work" (as defined below) according to the space plans and working drawings approved by Landlord and County. The term "Landlord's Work" shall mean all work set forth on the "Working Drawings" (as defined below) which are approved by County and Landlord.

(b) County shall meet with and cooperate, as necessary, with Landlord and/or Landlord's representatives, so that the following schedule for drawings, construction and moving can be met ("Critical Dates"):

(i) (x) On or before April 1, 2003, County shall approve the preliminary space plan for the construction of the Leased Premises. Landlord shall thereafter submit to County, for its approval, complete architectural and engineering working drawings and specifications for the Leased Premises, as required for construction of Landlord's Work (the "Working Drawings"). Within seven (7) business days after County's receipt of the Working Drawings, County shall approve the Working Drawings.

(y) Upon Landlord's receipt of the approved Working Drawings, Landlord shall promptly make application for the building permit.

(z) Upon receipt of a signed copy of the approved Working Drawings and the required permits, construction will commence. Any changes or additions requested by County shall require Landlord's prior written approval and written authorization executed by County or County's authorized representative, and to the extent applicable, approval of any municipality or other authority having jurisdiction.

(c) "County Delay" shall mean the actual amount of delay caused by (i) County's failure to perform any of its obligations with respect to the construction of the Leased Premises within the time frames for such performance set forth in the Lease, (ii) any modifications to the Working Drawings requested by County (including change orders) following approval thereof, (iii) the work of County, its employees, agents, employees, licensees or invitees or the work of County's independent contractors during the improvement period, if such work continues following notice from Landlord that such work is actually delaying Substantial Completion, or (iv) the delivery or installation of long lead items that are identified to County by Landlord prior to commencement of the Landlord's Work.

If the event of any County Delay, then any delay in completing the Leased Premises shall not in any manner affect or delay the Lease Commencement Date of this Lease or County's liability for the payment of rent and additional rent from such Lease Commencement Date, and County shall commence to pay rent and additional rent on the date that the Leased Premises would have been "Substantially Completed" (as defined below) but for such County Delay. Under such circumstances, Landlord agrees to make the Leased Premises ready for County's occupancy not later than the Lease Commencement Date of this Lease plus the number of days delay resulting from the County Delay.

The Leased Premises shall be deemed ready for occupancy if "Substantially Completed". As used in this Lease "Substantial Completion" and "Substantially Completed" shall mean the date that Landlord's Work is completed in accordance with the Working Drawings, except for long lead items and except for "punch list" items that will not materially affect the use of the Leased Premises for County's intended purposes, or the date upon which the Demised Premises would have been ready for occupancy and Substantially Completed but for a County Delay.

22. NOTICES. Copies of all notices to the Landlord shall also be sent to:

Pavilion Partners, Inc.
c/o Blackacre Capital Group
450 Park Avenue, 29th Floor
New York, New York 10022-2605
Attn: Howard Glatzer

and

Shulman, Rogers, Gandal,
Pordy & Ecker, P.A.
11921 Rockville Pike, Third Floor
Rockville, Maryland 20852
Attn: Nancy P. Regelin, Esquire

23. LIENS: County expressly covenants and agrees that it will, during the term hereof, promptly remove or release, by the posting of a bond or otherwise, as required or permitted by law, any lien attached to or upon said premises or any portion thereof by reason of any act or omission on the part of County, and hereby expressly agrees to save and hold harmless the Landlord from and against any such lien or claim of lien. In the event any such lien does attach, or any claim of lien is made against said Leased Premises, which may be occasioned by any act or omission of the County, and shall not be thus released within thirty (30) days after notice thereof, Landlord, in its sole discretion (but nothing herein contained shall be construed as requiring it so to do), may pay and discharge the said lien and relieve the said Leased Premises from any such lien, and County agrees to pay and reimburse Landlord upon demand for or on account of any expense which may be incurred by Landlord in discharging such lien or claim, which reimbursement shall include the maximum legal interest rate per annum from the date such lien is paid by Landlord until the date Landlord is reimbursed by County, or, Landlord, at Landlord's election, may insist that County remove any such lien at County's expense. Payment or measures taken to release any such lien shall not act as an admission of liability by County for such lien.

24. ESTOPPEL CERTIFICATE.

- (i). Recognizing that both parties may find it necessary to establish to third parties, such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, either party, on the reasonable written request of one to the other made from time to time, will promptly furnish a written statement containing the information set forth in Section 24(ii) below.
- (ii). At any time within thirty (30) days after such request is made, County shall execute, acknowledge and deliver to Landlord a certificate evidencing whether or not:
 - 1. This Lease is in full force and effect;
 - 2. This Lease has been amended in any way;
 - 3. There are any existing defaults hereunder to the knowledge of County and specifying the nature of such defaults, if any;
 - 4. The date to which rent has been paid; and
 - 5. County has any right to set off against Rent.

25. FORCE MAJEURE: Neither party shall be deemed in default with respect to the performance of any of the terms, covenants, and conditions of this Lease if same shall be due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or upsurged power, sabotage, inability to obtain any material or service, through Act of God or other cause beyond the control of either party. Lack of funds shall not be deemed a grounds of force majeure.

26. SUCCESSORS AND ASSIGNS. Subject to the provisions hereof, this Lease shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

27. TRANSFER OF LANDLORD'S INTEREST: LIMITATION OF LIABILITY: The term "Landlord" as used in this Lease is hereby defined to be only the then current owner or mortgagee in possession of the Building. Any sale or sales by the then current Landlord of the Building or the Leased Premises, or in the event the Building is leased by the then current Landlord hereunder to any party, such sale or lease shall be subject to this Lease. From and after the closing of such sale or lease transaction, the Landlord whose interest is thus sold or leased shall be and hereby is completely released and forever discharged from any and all covenants, obligations, and liabilities of Landlord hereunder, except for any breach, act or omission which occurred prior to conveyance

of the Landlord's interest. County agrees that in the event of any breach or default hereunder by Landlord, the source of recovery shall be limited to Landlord's interest in the Building, and that neither Landlord, nor any officer, director, owner, partner, member, employee or agent of Landlord shall be personally liable with respect to any claim arising out of or related to the Lease. Landlord and County agree that officers, directors, owners, partners, members, employees and agents of Landlord and County respectively, shall not be personally liable for the acts of the Landlord or County, as the case may be, except where such persons are acting independently and outside of the scope of their duties.

28. RULES & REGULATIONS: The Rules and Regulations appended to this Addendum as Exhibit "B" are hereby made a part of this Lease, and County agrees to comply with and observe the same. County's failure to keep and observe said Rules and Regulations shall constitute a breach of the terms of this Lease in the manner as if the same were contained herein as covenants. Landlord reserves the right from time to time to reasonably amend or supplement said Rules and Regulations and to adopt and promulgate additional reasonable rules and regulations applicable to the Leased Premises and the Building. Written notice of such additional rules and regulations and amendments and supplements, if any, shall be given to County, and County agrees thereupon to comply with and observe all such additional rules and regulations. Provided, however, that in the case of any conflict between the provisions of this Lease and any such rules and regulations, the provisions of this Lease shall control. Further, Landlord shall not enforce any such rule or regulation against County in a discriminatory manner.

29. EQUITY IN THE BUILDING. Landlord agrees that during the term of this Lease, Landlord shall not enter into a loan which, at the time that Landlord enters into such loan, would cause there to be less than One Million Five Hundred Thousand Dollars (\$1,500,000) of Landlord's equity in the Building and the land upon which the Building is situated.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be properly executed as of the date and year first set forth above.

WITNESS/ATTEST: **JUST RUFFELMAN**
Notary Public, State of New York
No. 01TR6052642
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires 12/26/06

By: Joelle Ruffel

[SEAL]

WITNESS:

By: Rebecca S. Domaruk

APPROVED AS TO FORM & LEGAL
SUFFICIENCY:
OFFICE OF THE COUNTY ATTORNEY

By: Giles O. Brennan

Date: 4/9/2003

LANDLORD:
PAVILION PARTNERS, INC., a Delaware
corporation

By: Howard Blatter
Name: Howard Blatter
Title: Vice President
Date: 4/14/03

COUNTY:
MONTGOMERY COUNTY, MARYLAND

By: William L. Mooney Jr.
William Mooney
Assistant Chief Administrative Officer
Date: 4/17/03

Recommended by:

By: J. Ronald Smith
J. Ronald Smith
Chief Facilities and Services Section
Date: 4/9/2003

EXHIBIT "A"

PROHIBITED USES

1. Bank
2. Gym, health club or fitness center
3. Delicatessen
4. Movie Theater
5. For a principal use of the sale of ice cream, sorbet, frozen yogurt and/or low calorie frozen deserts.
6. For the sale of ice cream, sorbet and/or frozen yogurt in take-out containers, take-out cups or take out cones.
7. Sale of espresso or espresso-based coffee drinks or coffee based drinks or whole or freshly ground coffee beans, provided, however, County may sell brewed coffee (which may be gourmet coffee or brand identified coffee) or espresso drinks for on-premises consumption.
8. For a principal use as a fast food restaurant which primarily serves wrap sandwiches.
9. For a principal use as a tex-mex restaurant (such as Rio Grande or Austin Grill).
10. For the display, use or operation of any billiards tables.
11. Automated teller machine.
12. For a principal use as a family style Italian restaurant.
13. For a primary purpose as an Asian restaurant.
14. For the principal use as a restaurant which primarily serves any one or more of the following: subs (i.e., submarine type sandwiches); sandwiches; hoagie sandwiches; hero type sandwiches; conveyor oven or traditional oven style sandwiches; cheese steak sandwiches; flat bread sandwiches; or deli style sandwiches;
15. For the operation of any of the following restaurants: Jerry's; Subway; Blimpies; or Quiznos.

16. Youth center, daycare or educational center for persons under the age of 21, or secondary or elementary education facilities, including tutoring.
17. Place of worship.
18. Library facilities or reading room available to the public.

EXHIBIT "B"

RULES AND REGULATIONS

1. Sidewalks, doorways, vestibules, halls, stairways and similar areas shall not be obstructed by tenants or their officers, agents, servants, and employees, or used for any purpose other than ingress and egress to and from the Leased Premises and for going from one part of the Building to another part of the Building.

2. Plumbing fixtures and appliances shall be used only for the purpose for which constructed, and no sweepings, rubbish, rags, or other unsuitable material shall be thrown or placed therein. The cost of repairing any stoppage or damage resulting to any such fixtures or appliances from misuse on the part of a tenant or such tenant's officers, agents, servants, and employees shall be paid by such tenant.

3. No signs, posters, advertisements, or notices shall be painted or affixed on any of the windows or doors, or other part of the Building, except of such color, size, and style and in such places as shall be first approved in writing by the Building manager. No nails, hooks, or screws shall be driven into or inserted in any part of the Building, except by Building maintenance personnel.

4. The Leased Premises shall not be used for conducting any barter, trade, or exchange of goods or sale through promotional give-away gimmicks or any business involving the sale of second-hand goods, insurance salvage stock, or fire sale stock, and shall not be used for any auction or pawn shop business, any fire sale, bankruptcy sale, going-out-of-business sale, moving sale, bulk sale, or any other business which, because of merchandising methods or otherwise, would tend to lower the character of the Building.

5. County shall not do anything, or permit anything to be done, in or about the Building, or bring or keep anything therein, that will in any way increase the possibility of fire or other casualty or obstruct or interfere with the rights of, or otherwise injure or annoy, other tenants, or do anything in conflict with the valid pertinent laws, rules, or regulations of any governmental authority.

6. County shall not place a load upon any floor of the Leased Premises which exceeds the floor load per square foot which such floor was designed to carry or which is allowed by applicable building code. Landlord shall have the authority to prescribe the weight and position of safes or other heavy equipment which may over stress any portion of the floor. All damage done to the Building by the improper placing of heavy items which over stress the floor will be repaired at the sole expense of County.

7. County shall notify the building manager when safes or other heavy equipment are to be taken into or out of the Building. Moving of such items shall be done under the supervision of the building manager, after receiving written permission from him.

8. Corridor doors, when not in use, shall be kept closed.

9. All deliveries must be made via the service entrance and service elevators during normal business hours or as otherwise directed or scheduled by Landlord. Prior approval must be obtained from Landlord for any deliveries that must be received after normal business hours.

10. County shall cooperate with Building employees in keeping the Leased Premises neat and clean.

11. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. No birds, animals, or reptiles, or any other creatures, shall be brought into or kept in or about the Building.

12. Should County require telegraphic, telephonic, annunciator, or any other communication service, Landlord will direct the electricians and installers where and how the wires are to be introduced and placed, and none shall be introduced or placed except as Landlord shall direct.

13. County shall not make or permit any improper noises in the Building, or otherwise interfere in any way with other tenants or persons having business with them.

14. No equipment of any kind shall be operated on the Leased Premises that could in any way annoy any other tenant in the Building without written consent of Landlord.

15. Business machines and mechanical equipment belonging to County which cause noise and/or vibration that may be transmitted to the structure of the Building or to any leased space so as to be objectionable to Landlord or any tenants in the Building shall be placed and maintained by County, at County's expense, in setting of cork, rubber, or spring type noise and/or vibration eliminators sufficient to eliminate noise and/or vibration.

16. County shall not use or keep in the Building any inflammable or explosive fluid or substance, or any illuminating material, unless it is battery powered, UL approved.

17. County's employees or agents, or anyone else who desires to enter the Building after normal business hours, may be required to provide appropriate identification and sign in upon entry, and sign out upon leaving, giving the location during such person's stay and such person's time of arrival and departure, and shall otherwise comply with any reasonable access control procedures as Landlord may from time to time institute.

18. Landlord has the right to evacuate the Building in event of emergency or catastrophe or for the purpose of holding a reasonable number of fire drills.

19. Excluding any license that Landlord is required to obtain under the Lease, if any governmental license or permit shall be required for the proper and lawful conduct of County's business, County, before occupying the Leased Premises, shall procure and maintain such license or permit and submit it for Landlord's inspection. County shall at all times comply with the terms of any such license or permit.

20. Each tenant shall be responsible for all persons for whom such County authorizes entry into the Building and shall be liable to Landlord for all acts of such persons.

21. Landlord may, upon request by any tenant, waive compliance by such tenant with any of the Rules and Regulations, provided that (i) no waiver shall be effective unless signed by Landlord or Landlord's authorized agent; (ii) any such waiver shall not relieve such tenant from the obligation to comply with such rule or regulation in the future unless expressly consented to by Landlord; and (iii) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with the foregoing Rules and Regulations, unless such other tenant has received a similar waiver in writing from Landlord.

22. No drapes, blinds, shades or screens shall be attached to or hung in, or used in connection with, any exterior window or door of the Leased Premises so as to be seen from the outside of the Leased Premises, including, without limitation, the Building's central atrium, if any, without the prior written consent of Landlord.

23. No bicycles or vehicles of any kind shall be brought into or kept in or about the Leased Premises.

24. No additional locks or bolts of any kind shall be placed upon any of the entrances to the Leased Premises, nor shall any changes be made in existing locks or the mechanisms thereof. County shall, upon the termination of its tenancy, return to Landlord all keys either furnished to, or otherwise procured by, County and in the event of the loss of any such keys, County shall pay to Landlord the cost of replacing the locks.

25. County shall not pay any employees of Landlord or Landlord's agents to perform any work or services in the Leased Premises or the Building.

26. Canvassing, soliciting and peddling in the Building is prohibited and County shall cooperate to prevent the same.

27. There should not be used in the public or common areas of the Building, either by any tenant or by others, in the delivery or receipt of merchandise, any hand trucks except those equipped with rubber tires and side guards.

28. Except while loading and unloading vehicles, there shall be no parking of vehicles or other obstructions placed in the loading dock area.

29. Only Building standard cool white lamps may be used in any fixture that may be visible from outside the Building, or from the Building's central atrium, if any.

30. County shall keep all portions of the Leased Premises which are visible from the Building's central atrium, if any, in a tasteful, neat and orderly condition characteristic of first-class professional offices, so as not to be offensive to other tenants of the Building. No desks, book cases, file cabinets or other furniture shall be placed against any glass surrounding the Building's central atrium, if any.

31. Landlord reserves the right to rescind any of these Rules and Regulations and make such other and further rules and regulations not inconsistent with the express terms of the Lease as in the judgment of Landlord shall from time to time be needed for the safety, protection, care and cleanliness of the Building, the operation thereof, the preservation of good order therein, and the protection and comfort of its tenants, their agents, employees, and invitees, which Rules and Regulations when made and notice thereof given to County shall be binding upon it in like manner as if originally herein prescribed.

32. The sidewalks, entries, passages, elevators, public corridors, stairways and other common areas of the Building shall not be obstructed or used for any other purpose than ingress and egress.

33. County shall not install or permit the installation of any awnings, shades, mylar films, sun filters, or the like, on windows.

34. The doors to the Premises shall be kept closed during business hours, except when being used for ingress or egress. No doors shall be propped open at any time.

35. No tenant shall make, or permit to be made, any noises which may be heard outside of such tenant's Premises or disturb or interfere with other tenants or occupants of the Building or neighboring buildings or premises whether by the use of any musical instrument, radio, television set, or other audio device, unmusical noise, whistling, singing, or in any other way. Nothing shall be thrown out, or off, of any doors, windows, balconies or skylights or down any passageways.

36. Floor distribution boxes for electric and telephone wires shall remain accessible at all times.

37. Bicycles, motor scooters or any other type of vehicle shall not be ridden or parked on the side-walk, except as required by law. Such vehicles will be allowed only in areas designated by Landlord.

38. County shall not make any room-to-room solicitation of business from other tenants in the Building and County acknowledges that canvassing and peddling of any kind in the Building are prohibited. County shall not distribute any handbills or other advertising matter on auto-mobiles parked in the parking area. Canvassing, soliciting, and peddling in the Building are prohibited, and each tenant shall cooperate in seeking their prevention.

39. Smoking in the Premises shall be restricted by applicable law, including but not limited to the Montgomery County Smoking Ordinance.

40. Any water and wash closets and other plumbing fixtures in any Premises or the Building shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown therein.

41. No tenant shall bring or keep, or permit to be brought or kept, any inflammable, combustible, or explosive fluid, material, chemical, or substance in or about the space demised to such tenant.

42. No tenant shall cause or permit any odors to emanate from the space demised to such tenant.

43. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a retail shopping center, and upon notice from Landlord, such tenant shall refrain from or discontinue such advertising.

44. Each tenant, before closing and leaving the space demised to such tenant at any time, shall see that all entrance doors are locked.

45. No space demised to any tenant shall be used, or permitted to be used, for lodging or sleeping.

46. All equipment and machinery belonging to any tenant which causes noise, vibration or electrical interference that may be transmitted to the structure of the Building or to any space therein to such degree to be objectionable to Landlord or any tenant in the Building shall be installed and maintained by each such tenant, at such tenant's expense, on vibration eliminators or other devices sufficient to eliminate such noise or vibration.

47. All ingress and egress by delivery vehicles and delivery personnel shall be made via Truck Street. Deliveries, shipments and/ or other forms of loading and unloading to or from the Leased Premises shall occur via the service corridor and loading docks only. No delivery trucks or other vehicles servicing the Leased Premises shall park or stand in front of or at the side or rear of the Leased Premises. Lessee may use no more than two (2) loading docks at any given time. There shall be no parking in the loading dock areas as they are reserved for loading and unloading only. Parked cars shall be subject to towing as posted.

48. The loading docks along Truck Street that serve the adjacent building at 255 Rockville Pike and the parking spaces located in the vicinity of such loading docks are reserved for the tenants and occupants of 255 Rockville Pike only.

49. The area between the Building and the Judicial Center known as the Secured Plaza is owned by Montgomery County and may be used for the purpose of lodging County police dogs. Any rear exit door exiting to the Secured Plaza must remain closed at all times and any rear door exiting to the Secured Plaza will be alarmed and shall be used only in the event of a bona fide emergency. No rear door exiting onto the Secured Plaza shall be propped open, no boxes or other refuse shall be placed there, and the Secured Plaza shall not be used for deliveries, loading or unloading.

50. No venting of the Demised Premises shall be permitted to the rear of the Demised Premises toward the Judicial Center.

51. Landlord shall in no event be liable to County for its failure to enforce any rules or regulations or for the breach of any rules or regulations by any other tenant of the Building.