

The Admiral Heights Improvement Association, Inc.
and
The Admiral Heights Boat Club, Inc.

The Admiral Heights Improvement Association, Inc., a non-profit corporation chartered under the laws of the State of Maryland, hereinafter called the Lessor, and The Admiral Heights Boat Club, Inc., a non-profit corporation chartered under the laws of the State of Maryland, hereinafter called the Lessee, agree as follows:

Whereas, Reliable Homes, a corporation chartered under the laws of the State of Maryland, conveyed its right, title and interest in a certain parcel of land known as the Williams Drive Recreational Area, being more fully described as Lot 19, Block 16, Plat Book 24, Page 8, Anne Arundel County, to The Admiral Heights Improvement Association, Inc., by a deed dated 21 March 1972 and recorded among the Land Records of Anne Arundel County in Liber 2841, Folio 29.

Whereas, The Boat Club desires to lease the above property for a term of one (1) year commencing on May 26, 1999.

NOW, THEREFORE, This Lease and Agreement Witnesseth: That in consideration of the payment of the rent hereby reserved and the performance of the covenants and agreements hereinafter set forth, and covenanted and agreed to be performed, the said Lessors do hereby rent, lease and demise unto the said Lessees, the said property for a term of one (1) year, beginning on May 26, 1999, and ending one (1) year from that date for the yearly rental of TWENTY-FIVE DOLLARS (\$25). payable in advance. The Lessors and Lessees covenant and agree that:

1. The Rules of Operation for the Admiral Heights Boat Club dated 14 March 1971, a copy of which is annexed hereto, shall be the rules under which the Boat Club shall administer and manage the property.

2. Any change, amendment or revision of the Rules of Operation shall be submitted in writing by the Boat Club to the Board of Directors of the Improvement Association and shall become effective and in force thirty days after such submission unless the Board of Directors of the Improvement Association shall have transmitted to the Boat Club within the thirty day period the disapproval by the Board of Directors of such measure or measures, in which case any such change, amendment or revision will be void and of no effect.

3. The Boat Club shall maintain the pier and out pilings at the property in good repair, but shall not be obligated to expend more than \$1500.00 per calendar year for materials and equipment and contractual labor. Labor performed by the Boat Club to accomplish the maintenance of the pier and out pilings and any costs therefor shall not be included in the computation of the maximum sum of money that the Boat Club is obligated herein to expend upon such maintenance.

4. The Boat Club shall maintain the grounds and pier of the property in a slightly and presentable condition. The Improvement Association shall use its good offices to impress upon the residents of Admiral Heights the need for care and neatness in the enjoyment of the property.

5. The Boat Club, in order to discharge its duties of upkeep, maintenance and repair, may, from time to time and for a reasonable time, close off and prevent access by the residents of Admiral Heights to portions of the property upon giving written notice to the Board of Directors of the Improvement Association at least seven days in advance, unless the Board of Directors of the Improvement Association shall have transmitted to the Boat Club within the seven day period the disapproval by the Board of Directors of such a measure in which case the period of time that any repairs are thereby delayed shall be added to the calendar year for the purpose of computing time, as provided in Article 3 hereof, in which the obligation to expend maintenance funds exists.

6. The Board of Directors of the Improvement Association may require the Boat Club to give appropriate notice of the closure of facilities at the property as provided for in Article 5, to the residents of the community of Admiral Heights.

7. The Boat Club shall maintain the walk, steps, fence, trees and lawn at the property in presentable condition and good repair, but shall not be obligated to expend more than \$300.00 per calendar year for materials and the equipment and contractual labor. Labor performed by the Boat Club to accomplish the maintenance of the walk, steps, fence, trees and lawn and any costs therefor shall not be included in the computation of the maximum sum of money that the Boat Club is obligated herein to expend upon such maintenance. In any year that the Improvement Association incurs no obligations under Article 15, the Improvement Association shall reimburse the Boat Club 50 percent of the amount expended under this Article up to a maximum of \$50.00.

8. The Boat Club and the Improvement Association recognize that the problems of erosion created by the runoff of surface waters through the property and the attendant silting of Weems Creek must be the subject of negotiations with public and private entities not party to this Agreement and, therefore, conditions in existence on the effective date hereof or which may hereinafter occur relating to erosion and siltation shall not be the basis upon which either party may modify, abate or terminate any or all of the provisions of this Agreement, or make claims upon the other party for damages or specific performance. The Boat Club and the Improvement Association will use their best efforts to seek effective solutions to the erosion and siltation problems.

9. The Improvement Association hereby grants whatever right, title and interest it may have acquired by virtue of the conveyance by Reliable Homes to the Improvement Association of the property, in and to the temporary structure or outbuilding, which consists of six lockers under a common roof, now located on the Recreational Area, to the Boat Club. The existing lockers and any that may subsequently be erected are and shall be, for the purposes of this Agreement, the personal property of the Boat Club.

10. Subject to the approval of the Board of Directors of the Improvement Association as to location, type and style of construction, the Board may erect additional lockers at the property for the use of members of the Boat Club.

11. In the event of the termination of this Agreement for any reason, the Boat Club shall have a period of six months after such termination within which to remove the lockers referred to in Articles 9 and 10. Any lockers remaining on the property after the expiration of this period shall become the property of the Improvement Association.

12. Subject to the approval of the Board of Directors for the Improvement Association the Boat Club may install and use gas, water, electric and telephone service and the Boat Club shall assume full responsibility for the payment of any bills for such services that may accrue.

13. The Improvement Association shall obtain liability insurance covering the property which coverage shall include the activities of the Boat Club conducted on the Recreational Area, excluding boating activities.

14. The Boat Club shall pay to the Improvement Association upon demand an amount equal to three-fifths of the premium of that portion of the liability insurance attributable to the property. The Improvement Association shall give the Boat Club ninety days advance notice of the amount due under this Article.

15. The Improvement Association shall pay all real property taxes and assessments upon the property.

16. The Boat Club shall pay to the Improvement Association upon demand an amount equal to one-half of all taxes and assessments required to be paid under Article 15. The Improvement Association shall give the Boat Club ninety (90) days advance notice of the amount due under this Article.

16a. The Boat Club shall be responsible for insuring that all Boat Club members are dues paying members of Admiral Heights Improvement Association, and shall submit an annual roster of Boat Club members to the Improvement Association Board.

17. In the event of a failure on the part of the Boat Club to comply with any one or more of the provisions of this Agreement, the Improvement Association may, at its option, terminate this Agreement. The Improvement Association must give notice to the Boat Club as to any imputed failure and the termination herein provided for shall occur no sooner than ninety (90) days after such notice.

18. For the purposes of Articles 3 and 7 of this Agreement: The term "contractual labor" shall mean such labor as must be undertaken by specially licensed persons, such as electricians, gasfitters, etc., by virtue of law or ordinance, and also such labor that requires specialized equipment operated by skilled persons, such as pile driving equipment, large tree removal equipment and paving equipment; the term "Labor performed by the Boat Club" shall mean such labor as is ordinarily within the capabilities of home owners and boat owners, which can be accomplished with ordinary skills and with the use of commonly available equipment.

19. Unless one (1) month's written notice is given prior to the expiration of the lease term by Lessor to Lessee of his desire to have possession of the premises or to change the conditions of the Lease Agreement after such expiration, or unless like notice is given by Lessee to Lessor, of his intention to vacate the premises after such expiration, this Lease shall be considered as renewed and binding in all its provisions for one year after such expiration, and this Lease shall so continue in operation and effect for further terms of one year each until such notice be given by either party prior to the expiration of one such renewed term.

WITNESS:

Stephen A. McKinnon

ADMIRAL HEIGHTS
IMPROVEMENT ASSOCIATION

BY: Rancy B. Rea

Elizabeth W. Wenzel

ADMIRAL HEIGHTS BOAT CLUB

BY: David A. Wenzel

DATE: May 26, 1999