

LEASE AGREEMENT
BETWEEN
FLOWER AVENUE SHOPPING CENTER, LIMITED PARTNERSHIP
AND
MONTGOMERY COUNTY, MARYLAND

DATED: July 17, 1998

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LEASE AGREEMENT

THIS LEASE, made and executed this ____ day of _____ 1998, by and between FLOWER AVENUE SHOPPING CENTER LIMITED PARTNERSHIP, hereinafter referred to as "Landlord", and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic, hereinafter referred to as "Tenant".

WITNESSETH:

That for and in consideration of the rents hereinafter reserved and the agreements and covenants herein contained, Landlord and Tenant agree as follows:

1. PREMISES: Landlord does hereby lease and demise unto Tenant, and Tenant does hereby lease and take from the Landlord the premises described as approximately 5,000 square feet of space in the Flower Shopping Center (hereinafter referred to as the "Building" or the "Shopping Center") which space is also known as 8701 Flower Avenue, Silver Spring, Maryland and which space is hereinafter referred to as the "leased premises," as shown on Exhibit A attached hereto. The premises shall include the right to use the back door and loading lobby, in common with users of the basement under the premises. Tenant accepts the premises in "as is" condition.

2. TERM: The term hereby created shall be five years, commencing on February 1, 1998 and terminating January 31, 2003.

3. RENT:

A. For the first year of the lease term, beginning February 1, 1998 and ending January 31, 1999, the Tenant shall pay Rent to the Landlord in the annual amount of Eighty Four Thousand, Three Hundred Seventy Five Dollars and 00/100 Cents (84,375.00) payable at Seven Thousand, Thirty One Dollars and Twenty Five Cents (7,031.25) per month.

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- B. All rent payments shall be made by the Tenant in advance, on or before the first day of each month, without set-off, deduction or demand therefor from the Landlord to and at the offices of the Landlord as hereinafter designated.
- C. The rent commencement date shall coincide with the lease commencement date as set forth in Paragraph 2 herein.

4. COST OF LIVING ADJUSTMENT:

- A. Effective February 1, 1999 and each February 1, thereafter during the term of this lease the minimum annual rent (and the monthly installment thereof) shall be adjusted by increasing the minimum rent then in effect by an amount derived by multiplying the minimum rent then in effect by one hundred percent (100%) of the percentage increase in the Consumer Price Index (as hereinafter defined) between the Consumer Price Index published for the month one year prior to the date of such adjustment and the Consumer Price Index published for the month immediately preceding the date of such adjustment.
- B. For the purpose of this Lease the "Consumer Price Index" is hereby defined to be the index known as United States Department of Labor Bureau of Labor Statistics, Revised CPI-U (all items, U.S. City Average 1982-84=100).
- C. Notwithstanding the foregoing, the resulting annual minimum rent calculated as above shall not be less than 3% nor more than 5% on the minimum rent payable during the previous lease year.

D. In the event the said index is discontinued, ceases to incorporate a significant number of the items now incorporated therein, or if a substantial change is made in such index, the parties shall attempt to agree on an alternate formula in accordance with such statistics as may be recommended by a department or agency of the United States Government for such purposes, or absent such recommendation, in such manner as may be reasonably determined by agreement of Landlord and Tenant.

5. UTILITIES: Tenant shall be responsible for the direct payment of all utility charges assessed against the individual meters installed by the Landlord within the Leased premises, including oil, heat, sewer, water, gas and electric charges, when and as the same become due. In no event shall Landlord be liable for any interruption or failure in the supply of any utilities to the leased premises.

6. MAINTENANCE OF LEASED PREMISES: Tenant shall at all times keep the leased premises, including exterior entrances, all glass and show window moldings and all partitions, doors, fixtures, equipment and appurtenances thereof, lighting, heating and plumbing fixtures, and any air conditioning systems in good order, condition and repair during the term of this Lease and shall make any necessary replacements except where such replacement is for the result of structural failure. Landlord shall maintain structural components of the premises, including roof, exterior plumbing and exterior walls and foundations. Landlord will also maintain the parking lot and other common areas. Tenant shall not make any alterations or modifications to the premises without Landlord's prior written consent.

7. USE:

A. Tenant warrants and agrees that the leased premises shall be used as a retail liquor store and for no other purpose whatsoever. Tenant shall not use nor permit said premises or any part thereof to be used for any

disorderly or unlawful purpose. Tenant shall not utilize the Premises in violation of any exclusive now or hereafter granted to any other tenant of the Shopping Center, provided that any such exclusive shall not restrict Tenant from operating in the leased premises the business set forth in the first sentence of this Section 7(A).

- B. The use and occupation by the Tenant of the leased premises shall include the use in common with others entitled thereto of the common areas, parking areas, service roads, loading facilities, sidewalks, 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.

8. COMMON AREAS: Common Area cost shall mean all costs and expenses of every kind and nature paid or incurred by Landlord in the operation, replacement, improvement, maintenance, repair, redecoration and refurbishment of Common Areas, which for purpose of this Section only shall include all roofs of buildings in the Shopping Center; said costs shall include, but not be limited to, costs of materials, supplies, equipment and services purchased or hired, cost and expense of landscaping, gardening, planting, cleaning, painting, striping parking areas, decorating, repaving, lighting, sanitary control, removal of snow, ice, trash, garbage and other refuse, heating, ventilating and air-conditioning of enclosed areas, fire and security protection, water and sewer charges, Real Estate Taxes and Assessments attributable to Common Areas, public liability, fire and casualty insurance, electricity and other utility services, depreciation of machines, equipment and improvements, cost of personnel employed at the Shopping Center (including applicable payroll taxes, workmen's compensation and liability insurance benefits, fringe benefits and costs), payments to governmental authorities, costs of complying or conforming with rules and regulations of governmental authorities, Fire Insurance Rating Organizations, Board of Fire Underwriters, insurance carriers and other organizations

having jurisdiction over the Shopping Center, and Landlord's administrative costs which shall be equal to fifteen percent (15%) of the total of other Common Area Costs.

Tenant shall pay as additional rent for such costs as a separate charge in advance of the first day of each calendar month in an amount estimated by the Landlord, which amount shall be subject to annual adjustment to reflect the increasing (or decreasing) cost of the Landlord's operation and maintenance of said common areas. Tenant's proportionate share of common area costs is hereby determined to be 10%.

9. REAL ESTATE TAXES:

- A. Tenant agrees to pay, as additional rent hereunder in monthly payments, a sum equal to Tenant's proportionate share of all real estate taxes which may be levied or assessed by lawful taxing authorities against the land, buildings and all improvements in the shopping center. Tenant will pay such taxes within 30 days after billing by lessor.

- B. "Real estate taxes" shall be deemed to mean all city, county, town and village taxes, special or general, ordinary or extraordinary, assessments, excises, levies, and other governmental charges which shall be imposed upon or become due and payable or become a lien upon the premises or any part thereof, during the period of time covering this Lease Agreement between Landlord and Tenant, by any Federal, state municipal, or other governmental or public authority under existing law, or practice or under any future law or practice, and costs and expenses incurred in contesting or negotiating an adjustment thereof. The real estate taxes for any calendar year shall mean the real estate taxes actually paid or due to be paid during such calendar year, whether or not such real estate taxes related to such calendar year or a fiscal year.

- C. Tenant's proportionate share of real estate taxes shall be determined for each calendar year by multiplying the real estate taxes for such calendar year by a fraction, the numerator of which shall be the floor area of the premises rented to the Tenant, and the denominator of which shall be the floor area of all rentable space in the Building. Tenant's liability for Tenant's proportionate share of real estate taxes and assessments for the calendar years during which this lease commences and terminates shall in all events be subject to a pro-rata adjustment based on the number of days of said calendar year during which the term of this lease is in effect. Landlord and Tenant agree Tenant's pro-rata share of said real estate taxes for the building is currently 10%.
- D. If the operation of any foregoing provisions result in payment of Tenant's proportionate share of real estate taxes for calendar years extending beyond the term of this lease, Landlord, within thirty (30) days following the expiration of the term of this lease, shall reimburse Tenant any such amount, less amounts then due Landlord from Tenant.
- E. A copy of a tax bill or assessment bill submitted by Landlord to Tenant shall at all times be sufficient evidence of the amount of taxes and/or assessments assessed or levied against the property to which such bill relates. Landlord's and Tenant's obligations under this paragraph shall survive the expiration of the term of this lease for any obligations which accrued during the term of this Lease.
- F. In the event that any present or future enactment of any state or political subdivision thereof or any governmental authority having jurisdiction thereover: (a) imposes a tax and/or assessment of any kind or nature upon, against or with respect to the rents payable by tenants in the shopping

center to Landlord derived from the shopping center or with respect to the Landlord's (or lessor's) ownership of the land and improvements comprising the shopping center, either by way of substitution for all or any part of the taxes and assessments levied or assessed against such land and such improvements, or in addition thereto; and/or (b) imposes a tax or surcharge of any kind or nature, upon, against or with respect to the parking areas or the number of parking spaces in the shopping center, such tax, assessment and/or surcharge shall be deemed to constitute real estate taxes for the purpose of this Article Nine and Tenant shall be obligated to pay its' proportionate share.

10. ASSIGNMENT: Notwithstanding anything set forth in the Lease to the contrary, in the event of the privatization of liquor stores in Montgomery County, Maryland, Tenant shall have the one (1) time right, with thirty (30) days written notice to Landlord, to assign the Lease, for the use and occupation of the Premises solely for the purpose set forth in Article 7 of the Lease (except trade name), provided, however, that such assignee shall assume in writing all of Tenant's obligations thereunder. In the event Tenant does assign the Lease as provided in this paragraph, then commencing on the effective date of the assignment the Landlord will look solely to the assignee to fulfill any and all obligations under this Lease so long as Landlord has the right to approve the assignee.

11. PROPERTY DAMAGE AND LIABILITY INSURANCE:

A. Tenant shall obtain and maintain, during the full term of this agreement and any extension thereof, a policy of public liability insurance with bodily injury limits of TWO HUNDRED THOUSAND (\$200,000.00) DOLLARS for injury (or death) to one person, FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS per occurrence, and property damage insurance with a limit of ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS.

- B. The Tenant shall not permit or do anything which would increase the rate of fire insurance upon the Leased premises. Should said insurance rates be increased by reason of Tenant's use of the premises, Tenant shall pay to Landlord the difference in the insurance premiums over and above that existing as of the date of this Lease when and as same become due and payable or Tenant shall provide Landlord with written evidence of sufficient self-insurance.
- C. To the maximum extent this agreement may be made effective according to law, Tenant agrees to indemnify and save Landlord harmless from and against all claims of whatever nature arising from any act, omission or negligence of Tenant, or Tenant's contractors, licensees, agents, servants or employees, or arising from any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring within the leased premises after the commencement date hereof, and until the end of the term of this lease, so long as Tenant has not assigned this Lease as provided in Section 10 hereof, excepting claims that may be filed by virtue of the negligence of the Landlord, the Landlord's employees, contractors, agents or servants.
- D. Tenant agrees to indemnify and save Landlord harmless from and against all claims of whatever nature arising from any act, omission or negligence of Tenant, or Tenant's contractors, licensees, agents, servants, or employees, or arising from any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring within the leased premises after the commencement date hereof, and until the end of the term of this lease, so long as Tenant is in

possession of any part of the premises, excepting claims that may be filed by virtue of the negligence of the Landlord, the Landlord's employees, contractors, agents or servants.

- E. Landlord shall indemnify, defend and hold Tenant harmless from and against all liabilities, obligations and all claims of whatever nature arising from any act or omission or negligence of Landlord or Landlord's contractors, licensees, agents, servants or employees, or arising from any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring within the leased premises after the commencement date hereof, and until the end of the term of this lease.
- F. Tenant further agrees that all equipment, trade fixtures or personal property in the leased premises shall be and remain at Tenant's sole risk, and Landlord shall not be liable for any damage to or loss of such equipment, trade fixtures or personal property arising out of the acts or omissions of the Tenant, Tenant's agents, servants and employees. Landlord shall be liable for any property damage caused by or through the acts and omissions of the Landlord, the Landlord's agents, servants and employees. Tenant shall be required to give Landlord written notice of repairs that are to be required to be made by Landlord as stipulated in this paragraph, and Landlord shall be given a reasonable opportunity to make the said repairs.

G. Tenant will, if requested by Landlord, furnish to Landlord a certificate of insurance evidencing the coverage hereinabove described within thirty (30) days after execution of this agreement. Tenant reserves the right to self insure. This provision to self-insure shall not apply to a subtenant or assignee of this Lease Agreement.

12. GOOD ORDER AND REPAIR: Tenant covenants and agrees to maintain the Leased premises in good order and condition, and surrender the same at the expiration or other termination hereof in good order and condition, usual wear and tear and damage by fire, storm, public enemies and any other risk with respect to which Tenant is not herein made expressly liable excepted. Tenant will, at Tenant's sole expense, remove all trash from the premises that is generated by the Tenant.

13. FURNITURE AND FIXTURES: Tenant shall have the privilege of installing any furniture and trade fixtures necessary in the conduct of Tenant's business, and the same shall remain the property of Tenant. Tenant shall remove all such fixtures and equipment at the expiration of the lease. In the event any damage is done to said premises in the installation or removal of said furniture and trade fixtures, Tenant will immediately make such repairs as are necessary to restore said premises to their original condition, or promptly reimburse the Landlord for the cost of such repairs.

14. LIENS: Tenant 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 said premises by reason of any act or omission on the part of Tenant, 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 premises, by reason of any act or omission upon the part of Tenant, and the said lien is not released within forty-five (45) 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 premises from any such lien, and Tenant 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 sum 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 Tenant. Payment of such lien shall not be construed as an admission of liability or responsibility to any third party.

15. SIGNAGE: Tenant shall place no signs, awnings or curtains on any part of the exterior of said premises or on any show window, nor paint any brick or stone work, cornice work, mill work or iron work on the front of said premises without the written consent of Landlord or his Agent first had and obtained. Such consent shall not be unreasonably, untimely or unduly withheld. Tenant agrees that if the Landlord remodels the Shopping Center of which the leased space is a portion during the term, the Tenant will, at its own expense, upon the written request of the Landlord, within sixty (60) days, conform any existing signage to the format proposed by the Landlord, with the amount of area of the sign to which the Tenant shall be entitled to be proportionate to the Tenants' space as to the improved area of the Shopping Center, in accordance with the then existing local, county and state regulations.

16. SIDEWALKS: Tenant shall maintain the sidewalks immediately abutting the Leased premises free from obstructions of all nature, properly swept and free of snow and ice. Landlord shall maintain all sidewalks and other walkways on the property of the Leased Premises which are considered common areas.

17. LANDLORD'S INSPECTION RIGHTS: Landlord shall have the right at all reasonable times to enter upon the premises for the purpose of inspecting same, making necessary repairs, or showing same to potential purchasers. Landlord shall have the further right during the last six (6) months of the lease term to bring prospective Tenants into the premises for the purpose of showing same and during such period, Landlord may display "For Rent" signs in the windows of the premises.

18. GLASS PANE REPLACEMENT: Tenant, at Tenant's sole cost and expense, agrees to promptly replace any window or door glass pane that is broken, chipped or cracked, not as a result of structural failure or Landlord's negligence. Should the Tenant fail to effect a replacement within a reasonable period of time, the Landlord may perform this work and the Tenant shall reimburse Landlord for the cost thereof, as additional rent.

19. DEFAULT:

A. By Tenant: Any one of the following events shall constitute a default by Tenant under this lease: (i) if Tenant fails to pay any Rent (or any installment thereof or additional rent) within ten (10) days after the same shall be due and payable and after written notice having been made to the Tenant for same, (ii) if Tenant shall breach or substantially fail in the observance or performance of any of the terms, conditions or covenants of the Lease to be observed or performed by Tenant, other than those involving the payment of Rent and such breach or failure is not cured within thirty (30) days (or such period as may reasonable be required to correct the default with the exercise of due diligence) after Tenant's receipt of written notice thereof, or (iii) if Tenant shall vacate, abandon or cease to continuously operate the Leased Premises as required.

1. Upon the occurrence of any event of Default described in this section, Landlord shall have all rights and remedies provided in this Section, in addition to all rights and remedies available under this Lease and the laws of the State of Maryland. Except that Landlord shall have no right to terminate or take other action against Tenant based on the Default if Tenant cures the Default before such action is taken.

2. In the event of any deficiency in the payment of the rental during the term of this Lease, or if the Tenant shall vacate or abandon said premises, Landlord may, by successive suits, recover the rent due hereunder or, at its option, may re-rent from time-to-time said premises for the account of the Tenant, and such re-renting may be for a term or terms equal to, less, or greater than the remaining term hereunder, provided the Tenant shall not be liable for any deficiency in rent for any part of the term of such re-renting beyond the term of this Lease, and Landlord shall be entitled to collect the rent accruing under such re-renting and to apply the same first to all costs and expenses, including commissions and attorney's fees incurred in connection with such re-renting and collection of rentals, and apply the balance of the deficiency in accrued rent under this Lease, and by successive suits recover any remaining deficiency from the Tenant. All remedies granted in this section or otherwise provided by law shall be cumulative and, unless inconsistent, may be exercised separately or concurrently, or successively. The Tenant shall be liable to the Landlord for the payment of reasonable attorney's fees and court costs.

B. By Landlord: If the Landlord or Landlord's assigns shall fail or neglect to keep and perform each and every one of Landlord's covenants, conditions, and agreements as contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as may reasonably be required to correct the default with exercise of due diligence) after written notice from the Tenant or Tenant's assigns specifying the default, then the

Tenant or Tenant's assigns, at Tenant's option, may pursue any legal remedies available to Tenant. Landlord shall not be liable for damages or injury to person or property of Tenant or of any other person or business unless notice is given in writing of any defect (a) which Landlord has under the terms of this Lease the duty to correct, and, (b) and Landlord has been given reasonably sufficient time to correct such defect and even then, only if such damage or injury is due to Landlord's negligence.

- C. In the event that proceedings shall at any time be commenced for recovery of possession as aforesaid and a compromise or settlement shall be effected either before or after judgment whereby Tenant shall be permitted to retain possession of said premises, then such proceedings shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or of this agreement.

20. TERMINATION BY INSOLVENCY: In the event of:

- A. The filing of a petition by or against Tenant for adjudication of Tenant as a bankrupt under the Federal Bankruptcy Act as now or hereafter amended or supplemented, or for reorganization of Tenant within the meaning of Chapter X of the Bankruptcy Act, or for an arrangement within the meaning of Chapter XI of the Bankruptcy Act, or the filing of any petition by or against Tenant under any future bankruptcy act for the same or similar relief; or
- B. The dissolution, or liquidation of Tenant, or the appointing of a receiver or trustee for a substantial portion of the property of Tenant, whether instituted by or against Tenant; or

- C. The taking possession of the property of Tenant by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of Tenant; or
- D. The making by Tenant of an assignment for the benefit of its creditors.

In the event of any of the above, then at the option of the Landlord, the Tenant's right of possession shall thereupon end and the Landlord may proceed to recover possession under the laws of the State of Maryland and seek any other remedy to which Landlord may be entitled under this Agreement and under the laws of the State of Maryland.

21. EMINENT DOMAIN:

- A. In the event that (at any time after the date of this lease) as the aggregate result of one or more takings by eminent domain, the capacity of the parking areas of the Shopping Center shall be reduced by twenty-five percent (25%) or more, and if, within sixty (60) days after the occurrence of the most recent of such takings, Landlord at its option shall not have furnished substitute adjacent parking areas which shall meet with the Tenant's approval (Tenant agreeing that such approval shall not unreasonably be withheld), Tenant may terminate this lease by written notice to Landlord sent at any time after the expiration of said sixty (60) day period. If (at any time after the commencement date of this lease) as the aggregate result of one or more takings by eminent domain, the square footage of the leased premises shall be reduced by any amount, Tenant may terminate this lease by written notice to Landlord given not more than sixty (60) days from the date title rests in the condemning authority.

- B. Should the Tenant elect to remain in possession of the leased premises after any takings by eminent domain, the base rent and additional rents shall be reduced to reflect that proportion of the premises to which Tenant is denied normal occupancy as a result of the taking.

- C. Landlord reserves, and Tenant 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 Shopping Center, or the leasehold hereby created.

- D. 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 leasehold or to the fee of the leased premises, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or is recoverable by Tenant in Tenant's own right on account of any and all damage to Tenant's business by reason of the condemnation and for or on account of any cost or loss to which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment.

Notwithstanding anything contained herein to the contrary, in no event may the Tenant make a claim from the condemning authority for damages if any such award to the Tenant would diminish the Landlord's award.

22. DAMAGE TO PREMISES: If the leased premises shall be damaged by fire or other insured casualty, not due to Tenant's negligence, but are not thereby rendered untenable in whole or in part, Landlord shall promptly at its own expense cause such damage to be repaired, and the base and additional rents shall not be abated. If by reason of any such

occurrence, the leased premises shall be rendered untenantable only in part, Landlord shall promptly at its own expense cause the damage to be repaired, and the base and additional rents meanwhile shall be abated proportionately as to the portion of the leased premises rendered untenantable. If the leased premises shall be rendered wholly untenantable by reason of such occurrence, the Landlord shall promptly at its own expense cause such damage to be repaired and the base and additional rent meanwhile shall be abated in whole, provided however, that Landlord and Tenant shall each have the right, to be exercised by notice in writing delivered to the other within sixty (60) days from and after said occurrence, to terminate this Lease Agreement, and in such event this Lease and the tenancy hereby created shall cease as of the date of the said occurrence, the rent to be adjusted as of such date. If fifty 50% or more of the Shopping Center is destroyed, Lease can be terminated by the Landlord.

23. SUBORDINATION: Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust that may now or hereafter be placed upon the leased premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacement and extensions thereof, provided the mortgagee or trustee named in said mortgages or deeds of trust shall agree to recognize this Lease and the rights of Tenant hereunder. In the event of any mortgagee or trustee electing to have the lease a prior lien to its mortgage or deed of trust, then and in such event, upon such mortgagee or trustee notifying Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether or not this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust.

If any person shall succeed to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of Lease or otherwise, Tenant shall, without charge, attorn to such successor-in-interest upon written request from Landlord.

24. ESTOPPEL CERTIFICATES:

- A. Tenant agrees, at anytime and from time to time, upon not less than twenty (20) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing: (i) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications the nature of same); (ii) stating the dates to which the rent and additional rent have been paid by Tenant; (iii) stating whether or not to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge, and (iv) stating the address to which notice to Tenant should be sent. Any such statement delivered pursuant hereto may be relied upon by an owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the building, or of Landlord's interest therein, or any prospective assignee of any such mortgage.
- B. Landlord and Tenant agree that this lease shall not be recorded but that, upon request by either party, a short form lease of even date herewith, shall be executed and recorded in accordance with the laws governing and regulating recording of such documents in the state in which the leased premises are located, at the expense of the requesting party.

25. SURRENDER AND HOLDING OVER: Tenant, upon expiration or termination of this Lease, either by lapse of time or otherwise, shall peaceably render to Landlord the premises in broom-clean condition and in good repair. In the event that Tenant shall hold over after the expiration of this lease, and any renewals thereof without the consent of Landlord, the tenancy created by such holding over shall be a Tenant of sufferance only, but in all other respects shall be governed by the terms of this lease, provided, however, that in all cases a thirty (30) day notice shall be required to terminate the tenancy created by such hold-over. If the

Tenant shall hold over after the expiration of this Lease, and any renewals thereof, it shall, in the absence of any agreement to the contrary, be a Tenant at sufferance at one and one-half the monthly rate in effect during the last month of the expiring Lease term. In addition thereto, the Tenant shall be liable for all other escalations and payments for reimbursement required under the Lease. Should Tenant hold over after the expiration of this Lease, and any renewals thereof, after first obtaining Landlord's written consent, Tenant's tenancy shall be deemed to be upon a month-to-month basis at one hundred and three percent (103%) of the base monthly rent paid during the last lease year of the term.

26. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the parties hereto that Landlord and Tenant, as their interests may appear and at their respective expense, shall promptly comply with, observe and perform all of the requirements of all the statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government or any local government and whether required of the Landlord or the Tenant. Tenant shall be required to comply with all laws, rules, orders and regulations in regard to the premises and Landlord shall be required to comply with all laws, rules, orders and regulations in regard to the common areas.

27. DEFINITION OF "LANDLORD": The term "Landlord" as used in this Lease means only the owner or the mortgagee in possession as owner for the time being of the land and building or the owner of the Lease of the building or of the land and building of which the premises form a part so that in the event of any sale or sales of said land and building or of said Lease, or in the event of a Lease of said building, or of the land and building, the Landlord hereunder shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser at any such sale or

the leasing of the building or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

28. LANDLORD NOT A PARTNER: It is expressly understood that the Landlord shall not be construed or held to be a partner or associate of the Tenant in the conduct of Tenant's business; it being expressly understood that the relationship between the parties hereto is and shall remain at all times that of Landlord and Tenant.

29. FIRE EXTINGUISHERS: The Tenant shall be obligated to supply and maintain at its own cost and expense any fire extinguishers or other fire prevention equipment required by law, rules, orders, ordinances, regulations and/or recommendations of the City, County, State, Rating Bureau or Underwriters Association having jurisdiction in the area in which the leased premises are located.

30. LANDLORD'S TITLE AND COVENANT OF QUIET ENJOYMENT: Landlord covenants that it has full right and power to execute and perform this lease, and that it will put Tenant into complete and exclusive possession of the leased premises. Landlord further covenants that Tenant, 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, during the full term of this lease, and any extension or renewals hereof.

31. FORCE MAJEURE: Anything in this agreement to the contrary notwithstanding, providing such cause is not due to the willful act or negligence of either party, 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, governmental regulations or controls, inability to obtain any material, service through Act of God or other

cause beyond the control of either party; provided, however, that this provision shall not excuse any non-payment of rent or additional rent. For purposes of this provision, lack of funds shall not be considered a cause beyond the control of a party.

32. GENERAL PROVISIONS: 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 executed by the parties hereto, and that the conditions and agreements herein are binding on, and may be legally enforced by the parties hereto, their executors, administrators, successors and assigns, respectively, and that no waiver of any breach of any condition or agreement contained herein shall be construed to be a waiver of that condition or agreement or of any subsequent breach thereof, or of this agreement. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number in any place herein in which the context may require such a substitution.

33. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by 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 Tenant 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, national origin, marital status, race, religious belief, sexual preference or disability.

34. CONTRACT SOLICITATION: 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 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.

35. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and 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.

36. 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 such year. Tenant shall provide Landlord with no less than forty-five (45) days' written notice of termination. The Tenant shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

37. 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 any 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.

38. PAYMENT OF RENT: Tenant will pay said rent at times specified without demand or deduction to the Flower Avenue Shopping Center Limited Partnership, c/o Harvey Property Management Company, 6931 Arlington Road, Suite 500, Bethesda, Maryland 20814, or at such other address as may in the future be designated by the Landlord.

39. RULES AND REGULATIONS: Tenant will comply with all rules and regulations now in effect, or that may hereafter be enacted by the County, State or Federal Government, insofar as the same pertains to the conduct of the Tenant's business in the demised premises. Any rules and regulations promulgated by Landlord of which Tenant is expected to comply, are attached as Exhibit C to this Lease. Tenant agrees to comply with and observe the same and any additional reasonable rules and regulations promulgated by Landlord of which Tenant is given adequate prior notices. No changes will be made to the Rules and Regulations

which contradict or conflict with Lease provisions. In the event of a conflict between the Rules and Regulations and the Lease, the Lease agreement is controlling. Tenants failure to keep and observe said Rules and Regulations shall constitute a breach of the terms of the Lease with the same manner as if the same were contained herein as covenants.

40. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by hand delivery or certified or registered mail. Notice deemed given five (5) days after mailing or upon receipt or refusal to accept if hand delivered. Notices to the respective parties shall be addressed as follows:

LANDLORD:

FLOWER AVENUE SHOPPING
CENTER LIMITED PARTNERSHIP
c/o Harvey Property Management Co.
6931 Arlington Road, Suite 500
Bethesda, Maryland 20814

TENANT:

MONTGOMERY COUNTY GOVERNMENT
Dept. of Public Works and Transportation
Division of Facilities and Services
110 N. Washington St, Room 318
Rockville, Maryland 20850

41. CHOICE OF LAW AND FORUM: This Lease shall be construed; and all disputes, claims and questions arising hereunder shall be determined; in accordance with the laws of the State of Maryland. Any suit or action involving a dispute relating in any manner to the Lease, the relationship of Landlord Tenant, the use or occupancy of the Leased Premises, and/or any claim of injury or damage shall be filed and adjudicated solely in the state or federal courts of the jurisdiction in which the Leased Premises are located.

SIGNATURE PAGE TO FOLLOW

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

WITNESS:

By: Bethanne Nesselt

LESSEE:
MONTGOMERY COUNTY,
MARYLAND

By: [Signature]
GORDON AOYAGI, SENIOR ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Date: 7/17

WITNESS:

By: Nichole L. Melman

LESSOR:
FLOWER AVENUE SHOPPING
CENTER LIMITED PARTNERSHIP
By: [Signature]

Title: _____

Date: _____

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: [Signature]

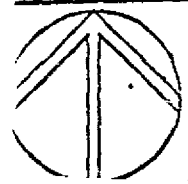
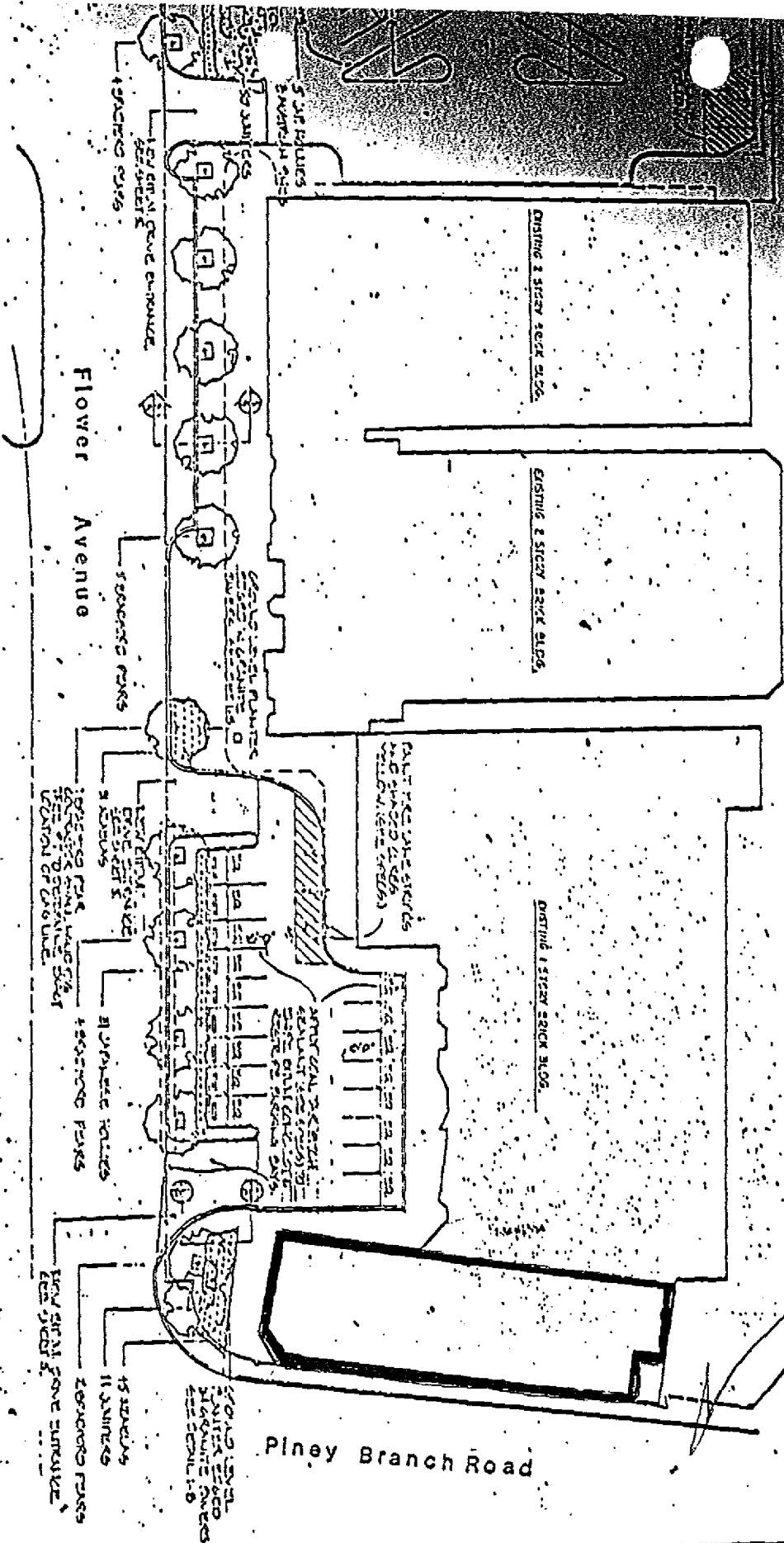
Date: 5.13.98

RECOMMENDED

By: [Signature]
REN JUNQUERA, LEASING MANAGER
DIVISION OF FACILITIES AND SERVICES

Date: 7/15/98

SIZE REMARKS
 1. ALL DIMENSIONS IN FEET & INCHES
 2. SEE PLAN FOR DIMENSIONS
 3. SEE PLAN FOR DIMENSIONS
 4. SEE PLAN FOR DIMENSIONS
 5. SEE PLAN FOR DIMENSIONS



Drawn By **BO**
 Checked By **TJ**
 Scale **1" = 20'**
 Date **FEB. 4, 1961**
 Revisions

Flower Plaza Renovation
Flower - Piney Branch NBD Program

Project Number **765082** Montgomery County, Maryland.

Planting **F**

[Signature]
 Approved, Director DMCD

EXHIBIT 1

RULES AND REGULATIONS

Tenant agrees as follows:

1. All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances, designated for such purposes by Landlord.
2. The delivery or shipping of merchandise, supplies and fixtures to and from the leased premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the leased premises of the Shopping Center.
3. All garbage and refuse shall be deposited in the kind of container specified by Owner, and shall be prepared for collection in the manner and at the times and places specified by Landlord. If the Landlord shall provide or designate a service for picking up refuse and garbage, Tenant shall use same at Tenant's cost. Tenant shall pay the cost of removal of any of Tenant's refuse or rubbish.
4. No radio or televisions or other similar device shall be installed without first obtaining in each instance Landlord consent, in writing. No aerial shall be erected on the roof or exterior walls of the premises, or on the grounds, without in each instance, the written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time.
5. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the premises without the prior written consent of Landlord.
6. If the leased premises are equipped with heating facilities separate from those in the remainder of the Shopping Center, Tenant shall keep the leased premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
7. The outside areas immediately adjoining the premises shall be kept clean and free from snow, ice, dirt and rubbish by Tenant to the satisfaction of Landlord, and Tenant shall not place or permit any obstructions or merchandise in such areas.
8. The plumbing facilities shall not be used for any other purpose than that for which they were constructed, and no foreign substances of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Tenant, who shall, or whose employees, agents or invitees shall have caused it.
9. Tenant shall use at Tenant's cost such pest extermination contractor as Landlord may direct at such intervals as Landlord may require.
10. Tenant shall not burn any trash or garbage of any kind in or about the leased premises, the Shopping Center, or within one (1) mile of the outside property line of the Shopping Center.