

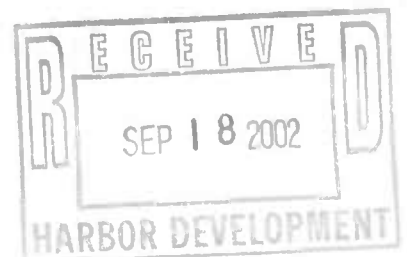
**APPRAISAL REPORT
OF
HART MILLER ISLAND LAND BASE
AT
2020 RIVERVIEW ROAD
ESSEX, MARYLAND 21221**

**REPORT PREPARED FOR
MARYLAND ENVIRONMENTAL SERVICE
2011 COMMERCE PARK DRIVE
ANNAPOLIS, MARYLAND 21401-2911**

REPORT DATED

AUGUST 14, 2002

221014



MULLER-CASELLA ASSOCIATES, INC.

Real Estate Appraisers
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August 21, 2002

Mr. Sean Coleman
Assistant Attorney General, Principle Council, Office of the Attorney General
Maryland Environmental Service
2011 Commerce Park Drive
Annapolis, Maryland 21401-2911

Re: Hart Miller Island Land Base
2020 Riverview Road
Essex, MD 21221

Purchase Order: 6990-000 OP
Cost Center: 792-7305

Dear Mr. Coleman:

Pursuant to your request, we have inspected the above mentioned property in order to estimate the Market Value and Market Rent of the Hart Miller Island Land Base at 2020 Riverview Road as of August 14, 2002, the inspection date and effective date of the appraisal.

The subject is a waterfront lot of approximately 1.24 acres that is improved with a gravel parking lot and a 6 foot wide pier. A more detailed description of the subject property can be found in the accompanying report.

After consideration of the facts presented in this report, it is the opinion of the appraisers that the Market Value of the subject as of the Effective Date is:

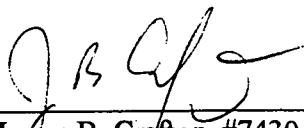
TWO HUNDRED FORTY THREE THOUSAND DOLLARS (\$243,000.00)

Furthermore, the monthly Market Rent, as of the Effective Date, of the subject property is:

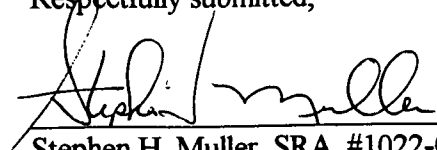
TWO THOUSAND TWO HUNDRED THIRTY DOLLARS (\$2,230.00)

The supporting data, analysis, and conclusions upon which this value is based are contained in the accompanying report.

Respectfully submitted,



James B. Crafton, #7430-04
SHM/JBC



Stephen H. Muller, SRA, #1022-04

EXECUTIVE SUMMARY

Location: Hart Miller Island Land Base
2020 Riverview Road
Essex, MD 21221

Purchase Order: 6990-000 OP

Cost Center: 792-7305

Owner: Patricia Southworth Klutz

Property Size: Total area of 2.72 acres of which approximately 1.24 acres is the subject of this appraisal

Zoning: RC-5

Present Use: Improved with gravel parking lot and wooden bulkhead and pier

Highest and Best Use: Subdivision for two waterfront single family dwellings pending the extension and subject access of a planned limited sewer service to Riverview Road by Baltimore County

Date of Value: August 14, 2002

Estimates of Value:

Cost Approach	Not Applicable
Sales Comparison Approach	\$243,000.00
Income Approach	Not Applicable
Reconciled Final Value Estimate	\$243,000.00
Estimate of Subject Monthly Market Rent	\$2,230.00

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Photographs Of Subject
Zoning Map

Tax Map
Census Map

Flood Plain Map
Legal Description

Location Map

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting this appraisal, your appraiser has assumed that:

1. Title to the land is good and marketable.
2. The property is appraised as though under competent management in responsible ownership and is free and clear of all encumbrances and liens other than those mentioned in this report.
3. The information supplied by others is correct, and the revenue stamps placed on the deeds used to indicate the sale prices are in correct relation to the actual dollar amount of the individual transactions.
4. There are no hidden or undisclosed sub-soil conditions. No consideration has been given to oil or mineral rights, if outstanding.
5. All general codes, ordinances, regulations, or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums except as reported to your appraiser and contained in this report.
6. The party for whom this report is prepared has reported to the appraiser, original existing conditions or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
7. No responsibility is assumed by the appraiser for legal matters, nor is any opinion on the title rendered herewith.
8. The appraiser herein, by reason of this report is not to be required to give testimony in court with reference to the property appraised, unless arrangements have been previously made therefore.
9. The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property. The appraisal covers the property as described in this report and the areas and dimensions as shown herein are assumed to be correct.
10. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

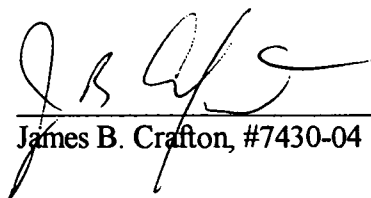
UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)

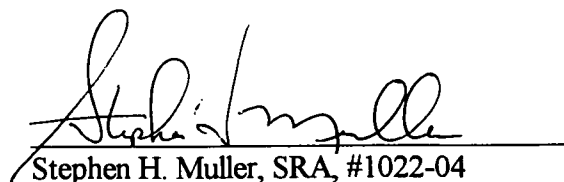
11. No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraisal hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
12. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is concerned, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public means of communication without the prior written consent and approval of the undersigned.
13. The appraiser assumes completion of the improvements in a workmanlike manner, within a reasonable period of time and in accordance with final plans and specifications. This appraisal is subject to a review by the appraiser of the final plans and specifications.
14. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicted on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
15. Extraordinary assumptions include that any parcel or parcels to be assembled with the subject do not suffer from any physical restrictions, (wetlands, soil, environmental, or endangered species). The appraisers are unaware of any engineering studies having been conducted on these parcels and conclusions reached in this report are predicated on no engineering or environmental limitations on the subject parcel or the parcels to which assemblage is felt to represent the subject's highest and best use.

CERTIFICATE OF APPRAISAL

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
5. Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, and in conformity with the appropriate State laws, regulations, policies, and procedures applicable to appraisals.
6. We, the undersigned, have made a personal inspection of the property that is the subject of this report.
7. No one provided significant professional assistance to the person(s) signing this report.
8. We certify that the use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.
9. The Appraisal Institute conducts a program of continuing education for its designated members. SRA's who meet the minimum standards of these programs are awarded periodic educational certification. I, Stephen H. Muller, am currently certified under these programs.


James B. Crafton, #7430-04


Stephen H. Muller, SRA, #1022-04

APPRAISER QUALIFICATIONS

Stephen H. Muller

Real Estate Appraisal Qualifications

EDUCATION

Towson University, Bachelor of Science Degree, 1978
Calvert Hall College High School

PROFESSIONAL MEMBERSHIPS

The Appraisal Institute, **SRA Designated Member** - Awarded 1985
The Maryland Association of Appraisers
Member - National Association of Realtors, Greater Baltimore Board of Realtors
Employee Relocation Council (ERC), **CRP Designated Member**
Licensed Certified General Appraiser, State of Maryland License 1022-04
Licensed Real Estate Broker, State of Maryland License 36628
H. Francis LeBrun Real Estate, Inc. - Associate Broker

PROFESSIONAL ASSOCIATION BOARD & COMMITTEE ACTIVITY

Appraisal Institute Maryland Chapter – Chapter President 1995, Vice President 1994, Secretary 1993, Treasurer 1992,
Regional Representative 1993-99
Society of Real Estate Appraisers Baltimore Chapter - Board of Directors 1988-90,
Chapter Treasurer - 1990
National Association of Independent Fee Appraisers Baltimore Chapter - Past President-1984
Maryland State Director 1985
Greater Baltimore Board of Realtors, Appraisal Committee, Chairman - 1996

REAL ESTATE APPRAISAL EDUCATION

Appraisal Institute Courses

Real Estate Appraisal Principles Examination 1A1	- 1988
Basic Valuation Procedures Examination 1A2	- 1988
Capitalization Theory and Techniques Examination 1BA	- 1986
Capitalization Theory and Techniques Examination 1BB	- 1986
Case Studies in Real Estate Valuation Examination 2-1	- 1987
Report Writing and Valuation Examination 2-2	- 1987
Introduction to Appraising Real Property Course 101	- 1977
Examination of Residential Properties Exam R-2	- 1979
Principles of Income Property Appraising Course 201	- 1980
Applied Income Property Appraising Course 202	- 1985

National Association of Independent Fee Appraisers

Principles of Real Estate Appraising Exam 1.1	- 1979
Principles of Income Property Appraising Exam 2	- 1983

TEACHING, INSTRUCTION

Instructor - Appraising Income Properties - Catonsville Community College - 1989-91
Instructor - Introduction to Real Estate Appraising - Harford Community College 1993

PROFESSIONAL EXPERIENCE - Performed appraisals for the following clients:

US Army Corps of Engineers	CSX Transportation
Bank of America	Baltimore County, Maryland
Mellon Bank	Baltimore City, Maryland
Carrollton Bank	Maryland Department of Transportation
Susquehanna Bank	State of Maryland
The Boston Company	Columbia Bank
Mercantile Bank	Bank of Maryland
ChesapeakeBank of Maryland	First Union National Bank
Parkville Federal Savings & Loan	MNC Mortgage Corporation
Towson University	Sheppard Pratt Hospital

EXPERT TESTIMONY

Qualified as an Expert Witness before: United State District Court
Circuit Court for Baltimore County
Circuit Court for Baltimore City

TYPES OF APPRAISAL PREFORMED

Residential, Condominiums, Multi-family, Industrial, Retail, Office Buildings, Apartments, Raw Land, Proposed Residential Subdivisions, Special Purpose Properties, Agricultural, Partial Takings, Recreational Facilities, Mixed Use, Historic Properties.

SEMINAR ATTENDANCE (within the last 5 years)

Commercial Development and Market Update	Appraisal Institute 2001
FHA & Appraisal Procedures	Appraisal Institute 2000
Real Estate Appraisals for Federal Gift Tax	Appraisal Institute 1999
FHWA Appraisal Seminar	MD DOT 1998
Uniform Standards of Professional Practice	GBBR 1997
Appraisal of Nursing Facilities	Appraisal Institute 1996
The High Tech Appraisal Office	Appraisal Institute 1996
The Real Estate Professional's Guide to the Internet	Appraisal Institute 1996
Residential Land Development and Subdivision Analysis	Appraisal Institute 1996
The Appraiser as an Expert Witness	Appraisal Institute 1995
EDI and the Appraisal Profession	Appraisal Institute 1995
Economic Trends and Outlook in MD and Baltimore	Appraisal Institute 1995
Subdivision Analysis	Appraisal Institute 1994

APPRAISER'S QUALIFICATIONS
JAMES B. CRAFTON

EDUCATION

Bachelor of Science - Chemistry, Business; College of William and Mary, Williamsburg, Virginia, 1978

Financial Decision Making and Advanced Corporate Finance, Towson State University, 1984-1985

Maryland Home Builders Association Residential Construction Course, 1986

Course 101, Introduction to Real Estate, Catonsville Community College, 1989

Course 121, Real Estate Appraising, Catonsville Community College, 1990

Course 141, Appraising Residential Real Estate, Catonsville Community College, 1990

Course 241, Appraising Income Producing Property, Catonsville Community College, 1991

Residential Narrative Report Writing, Catonsville Community College

National Association of Independent Fee Appraisers

Uniform Standards of Professional Appraisal Practice, NAIFA, 1991

Principles of Residential Real Estate Appraising, NAIFA, 1990

Appraisal Institute

Capitalization Theory and Techniques

Examination 1BA-1992

Capitalization Theory and Techniques

Examination 1BB-1992

Standards of Professional Practice, Part A

Examination 410-1993

Standards of Professional Practice, Part B

Examination 420-1993

Successful completion of Maryland State Real Estate Salesperson Exam, 1989

PROFESSIONAL EXPERIENCE

7/91-Present: Muller-Casella Associates, Inc., Staff Appraiser.

Performed Appraisals for the following clients:

NationsBank, N.A.

Baltimore County Maryland

Mellon Bank

Baltimore City Maryland

Carrollton Bank

Maryland Dept of Transportation

Susquehanna Bank

State of Maryland

The Boston Company

Columbia Bank

Mercantile Bank

Bank of Maryland

Chesapeake Federal Savings & Loan

First Union Bank

Parkville Federal Savings & Loan

US Army Corps of Engineers

PURPOSE OF APPRAISAL

The purpose of the appraisal is to estimate the Market Value and Market Rent of the Fee Simple interest as of the effective date of the appraisal.

INTEREST APPRAISED

This appraisal is made of the Fee Simple interest. Fee Simple is defined as "absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat". (The Dictionary of Real Estate Appraisal, Appraisal Institute, Third Edition - 1993.)

EFFECTIVE DATE OF THE APPRAISAL

The effective date of the appraisal is August 14, 2002.

INTENDED USE OF THE APPRAISAL

This appraisal was made to serve as a basis for establishing a renewal rental rate for the subject.

INTENDED USER OF THE APPRAISAL

This appraisal was intended for use by the client listed within body of the appraisal report and/or their assigns.

SCOPE OF THE APPRAISAL

The size and nature of the subject make its Highest and Best Use to be assembled with a neighboring parcel. In the case of the subject there are several viable assemblage candidates and we have viewed these properties with and without benefit of the subject in order to estimate a subject value.

Data on the subject property are obtained from various sources including but not limited to inspection, the owner, public records, surveys and plans. When appropriate more than one source may be used to confirm data and the source may be stated in the report. Market data are normally confirmed with buyer, seller, broker or attorney; typically, public records are reviewed to supplement or confirm the information.

Sales are discovered by scrutiny of deed reporting services, search of the public record and interviews with brokers, owners, lenders, developers, etc. No data which is thought to be highly relevant to the value conclusion are omitted from the report.

When appropriate, the scope of the appraisal is treated in more detail elsewhere in the report. Further, the reader's attention is directed to the assumptions and limiting conditions of this appraisal.

DEFINITION OF MARKET VALUE & MARKET RENT

MARKET VALUE: The most probable price which a property should bring in a competitive and open Market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from the seller to the buyer under conditions whereby:

- (1) *Buyer and seller are typically motivated.*
- (2) *Both parties are well informed or well advised and acting in what he considers his own best interest.*
- (3) *A reasonable time is allowed for exposure in the open market.*
- (4) *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
- (5) *The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹*

MARKET RENT: The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.²

TRANSFER HISTORY

The subject property is a portion of an overall area that is composed of Parcel 314 and Lots 34 through 39 of the Wildwood Beach Subdivision. Lots 34 through 36 last transferred on a deed dated September 19, 1997 that is recorded in the Land Records of Baltimore County in Deed Liber 12442, folio 475. The Grantor of this deed was John F. Owings, Jr. and the consideration was \$60,000.00. Lots 37 through 39 last transferred on a deed dated September 30, 1996 that is recorded in Deed Liber 11897, folio 289. The Grantor of this deed was Nancy Lee Southworth and the consideration was \$153,750.00. While the subject only uses an edge of Parcel 314 as part of the entrance drive it is included in the overall property area. Parcel 314 last transferred on a deed dated January 20, 1988 that is recorded in Deed Liber 12664, folio 309. The Grantor of this deed was also John F. Owings, Jr. and the consideration was \$1,000.00.

LEGAL DESCRIPTION

The subject is a portion of the overall property which is described as Parcel 314 and Lots 34 through 39 of the Wildwood Beach Subdivision as recorded in Liber 9, folio 30. The subject is also described in the relevant deed references; Liber 11897, folio 289 and Liber 12442, folio 475; copies of which may be found in the addendum of this report.

¹Uniform Standards of Professional Appraisal Practice, 2002 Edition, Advisory Opinion 8, page 141.

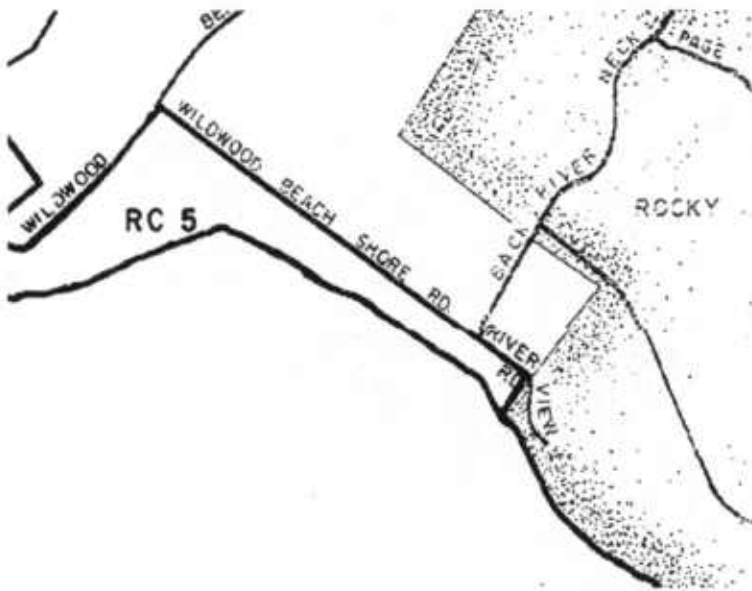
²Dictionary of Real Estate Appraisal; 3rd Edition, Appraisal Institute

TAX ASSESSMENT DATA

The entire property which includes the subject area is listed as Lot 34 and 37 of Parcel 169 in Grid 24 of Tax Map 104. The State Department of Assessment and Taxation has estimated the cash value of the subject parcel for assessment purposes as follows:

Account Number:	23-00-000501	15-19-611130	23-00-001845	Combined
Lot:	Lots 34-36	Lots 37-39	105/19/314	Lots 34-39
Land:	\$10,660.00	\$106,360.00	\$6,730.00	\$123,750.00
Improvements:	<u>Unimproved</u>	<u>\$ 40,220.00</u>	<u>Unimproved</u>	<u>\$ 40,220.00</u>
Total:	\$10,660.00	\$146,580.00	\$6,730.00	\$163,970.00

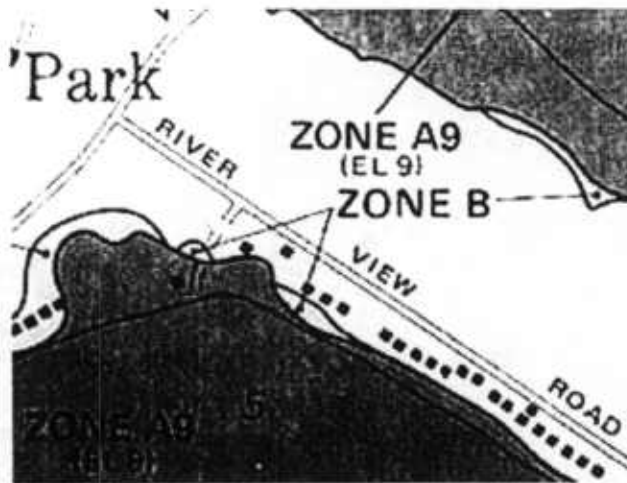
ZONING CLASSIFICATION



The subject is zoned RC-5; Rural Residential. This zone designation has been established to provide for rural-residential development in suitable areas in which basic services are not anticipated (*Baltimore County Zoning Regulations*). Allowed uses include churches, single family dwellings up to the allowed density, farms, schools, and Class A Assisted Living Facilities. Area regulations include a minimum lot size of 1.0 acre with a maximum density of up to 0.667 units per acre. Building setbacks require a minimum of 50 feet from any lot line and 75 feet from the centerline of any street.

The subject's on Back River is within the Baltimore County Critical Area designation. Additional setback and density requirements in this area may affect final site selection but should not further limit the number of allowed lots.

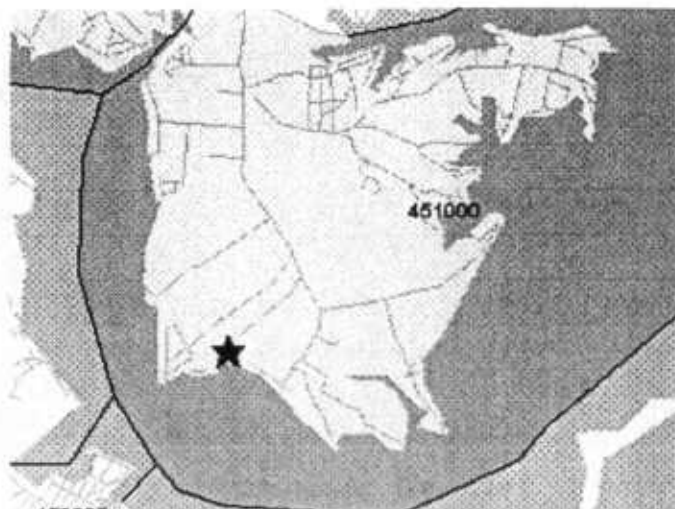
FLOOD ZONE STATUS



The subject is primarily located in zone C of the Federal Emergency Management Agency of the Federal Insurance Administration's Community Panel numbers 240010-0445C; dated September 17, 1993. Low lying portions of the subject along Back River are located in a 100 year flood plain.

CENSUS TRACT DATA

The subject project is located in census tract number 4510.



AREA DESCRIPTION

The subject property is located in Baltimore County, which surrounds Baltimore City on the east, north, and west. It is one of seven Maryland jurisdictions, which make up the Baltimore Metropolitan area. Heavy industry is located in the eastern part of the county. The north /central part has attracted some light manufacturing and service related businesses. New development is concentrated in White Marsh in the northeast area of the county, as well as in Owings Mills in the northwest. The county business sector is comprised of over 15,000 businesses, which employ almost 250,000 workers. Major employers located within Baltimore County include Westinghouse Electric, AAI Corporation, Bethlehem Steel, McCormick & Co., and Lockheed Martin Corporation. Baltimore County is strategically located and has a detailed network of highways and interstates including I-695, I-95, I-83, I-895 and I-70.

NEIGHBORHOOD DESCRIPTION

The subject property is located in the Essex area of eastern Baltimore County. The area is roughly bound by Eastern Avenue to the northwest, Middle River to the northeast, the Chesapeake Bay to the southeast, and Back River to the southwest. Within these boundaries the predominate land use is residential with commercial development concentrated along Eastern Boulevard and Back River Neck Road arteries.

Residential development in this area is chiefly single family detached dwellings. However, in addition there are also single family attached and multifamily garden type apartments. The typical single family dwelling is a frame dwelling approximately 40 years old containing 3 bedrooms in the price range of \$75,000 to \$120,000. The bulk of development is located on the northwestern portion of the peninsula formed by Middle and Back Rivers with sparser development towards the southeastern part of the peninsula. Because of the area's frontage to major recreational rivers running into the Chesapeake Bay waterfront residential development lines both shores of Back River and Middle River. In addition, marinas operating along both rivers attract boaters from all parts of the metropolitan area.

NEIGHBORHOOD DESCRIPTION (Cont.)

The commercial development is concentrated along Eastern Avenue and Back River Neck Road. Eastern Avenue is a major northeastern artery running from central Baltimore City to Bush River. Along Eastern Avenue commercial development ranging from local business to regional shopping centers can be found. Back River, serving as the main artery running down the center of the peninsula, has a variety of commercial development most of which is located between Eastern Boulevard and Turkey Point Road. This commercial development is predominately geared towards the local residence with retail service use properties lining both the north and south side of Back River Neck Road.

The area is accessed by way of Route 702 which is an extension of the 695 Beltway. The area is also convenient to interchanges of 695 just off of Eastern Avenue as well as interchanges with Route 40 located approximately 2 miles northwest and within 3 miles of the Beltway interchange 695 and 95.

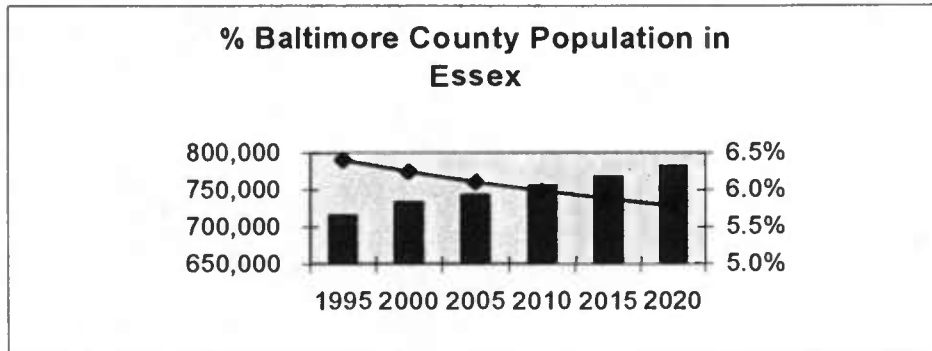
DEMOGRAPHIC INFORMATION

The subject is located in the Essex area of Baltimore County. The subject census tract is grouped in the Essex (328) Regional Planning District. Projections of population, households, and employment; as supplied by the Baltimore Metropolitan Council; for the overall Baltimore County area as well as the subject Regional Planning District are shown on the following page. Based on these projections the Essex area is projected to hold a slowly decreasing percentage of population, households, and employment. This decrease can be attributed to the aging of the local population with a low influx of younger residences due to the erosion of the local manufacturing job base.

DEMOGRAPHIC INFORMATION (Cont.)

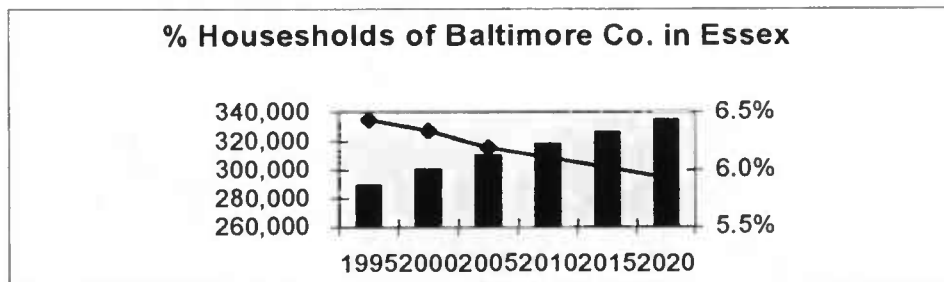
POPULATION

	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Baltimore County	715,400	732,700	742,000	755,000	768,400	781,500
Essex (328)	45,800	45,800	45,300	45,200	45,200	45,200
Essex %	6.4%	6.3%	6.1%	6.0%	5.9%	5.8%



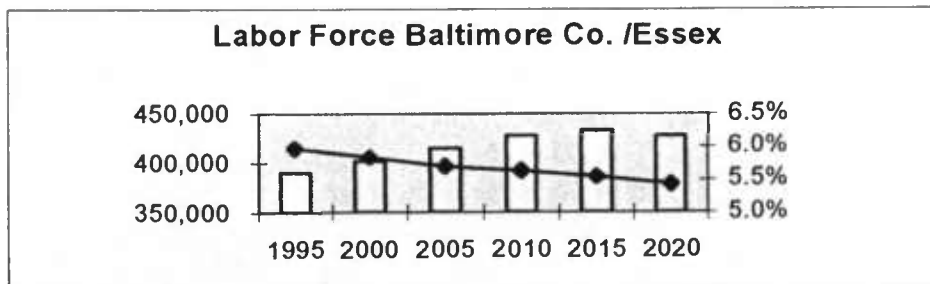
HOUSEHOLDS

	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Baltimore County	289,000	299,700	309,900	317,800	325,600	334,300
Essex (328)	18,600	19,000	19,200	19,400	19,600	19,800
Essex %	6.4%	6.3%	6.2%	6.1%	6.0%	5.9%



LABOR FORCE

	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Baltimore County	390,600	401,700	414,500	428,000	433,500	427,800
Essex (328)	23,300	23,400	23,600	24,100	24,000	23,200
Essex %	6.0%	5.8%	5.7%	5.6%	5.5%	5.4%



SITE DESCRIPTION

The subject is 1.24 acres of a combined property totaling 2.72 acres located between Riverview Road and Back River in the Essex area. A plat supplied by the client shows the leased area as including the 18,537 square foot parking lot with an additional parking area of 4,327 square feet. The lease, however, encumbers all of Lots 34 through 37 as it prevents any other utility of these lots for the term of the lease.

The subject is irregular in shape and has a gently sloping terrain down towards Back River. The eastern and central portions of the subject are grass covered with shade trees while the western part, approximately Lot 34 on the accompanying plat, is an overgrown area that appears to be a wetland. The subject was previously used as a marina.

The subject has no frontage on Riverview Road but is accessed via a gravel drive that extends south from Riverview. This drive is approximately in the footprint of a right of way allowing access to the subject as shown on the original plan for the Wildwood Beach subdivision as recorded in Liber 9, folio 30. A copy of this plat may be found in the addendum of this report. The plat shows additional lots to the west of the subject that were to be accessed via the subject's entrance. The existing driveway serves only the subject and is controlled by a gate at Riverview Road.

Riverview Road is a two lane county maintained neighborhood road that extends along Back River from Wildwood Beach Road in the west to Back River Neck Road in the east. Riverview Road does not have curbs, gutters, or sidewalks. Back River Neck Road is a county maintained arterial roadway that runs southeast from Route 702 and Essex to the end of the Back River Neck peninsula at Riverview Road. The subject has access to the interstate system via Back River Neck Road and Route 702 which is limited access roadway that feeds into I-695 and is located approximately 4 miles to the north.

Houses in the subject area are currently served with private well and septic systems. The Baltimore County Department of Public Works reports that it is in the planning stages of extending sewer service to the subject area and service should be available in approximately two years. This service is to be made available to existing dwellings along Riverview Road. The sewer line will have a limited amount of additional capacity to serve new lots on a case by case basis. In the opinion of the representative with whom we discussed the subject it is likely that several lots would be allowed at the subject if application were made near the time of the sewer line completion.

Land use in the subject area includes single family detached homes along the water side of Riverview Road and large tracts of undeveloped woodlands along Back River Neck Road. These areas are typically very wet and securing a passing percolation test would be difficult. In addition this areas are predominately zoned RC-20 and are prevented from accessing the public sewer systems by Baltimore County growth management regulations. To the east is the Rocky Point County Park at the Chesapeake Bay and to the northwest is small privately run airstrip known as Essex Skypark.

IMPROVEMENT DESCRIPTION

The subject portion of the combined property is presently vacant and unimproved. A dwelling shown on the plat supplied by the client on the property line between Lots 37 and 38 has been removed. There is a small cabin located on Lots 38 and 39 of the subject but this is not part of the subject area.

SITE IMPROVEMENTS

The subject site has been improved with a gravel drive and gravel paved parking area. There is a mobile office trailer on the subject site at the parking lot. There is a pressure treated wood pier extending into Back River from the subject that is 6 feet wide and 122.5 feet long that is reportedly 7 or 8 years old. The reported depth of water at the pier is 7 to 7 ½ feet along its length.

The plat supplied by the client and included in the addendum of this report shows an existing well and septic field located on Lot 37 that appear to have served a dwelling located on Lots 37 and 38 which has been removed.

The subject site has access to above ground electric and telephone service. At this time the subject area is served with private well and septic systems.

HIGHEST AND BEST USE

Highest and Best Use - That reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, and financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. (The Dictionary of Real Estate Appraisal, Third Edition - 1993.)

The subject is a 1.24 acre portion of a combined property that totals 2.72 acres. The remaining portions of the combined property that are not part of this study include a 1.17 acre parcel that is unimproved and prevented from future development by deed restrictions as well as Lots 38 and 39 of the Wildwood Beach subdivision. The subject portion of the total property includes Lots 34 through 37 of the Wildwood Beach subdivision. The subject land is located on the south side of Riverview Road and fronts on the north shore of Back River. The subject has approximately 198 feet of frontage on Back River and includes a 6 foot wide pressure treated wood pier that extends out a total of 122.5 feet. The subject had previously been used as a marina but the net size of 1.24 acres is not considered adequate for this use. The subject portion of Riverview Road is in transition as older homes are being converted and upgraded into modern waterfront dwellings. The subject's location is near the mouth of Back River at the Chesapeake Bay. These factors make the subject an ideal location for single family waterfront dwellings.

HIGHEST AND BEST USE (Cont.)

Houses in the subject area are currently served with private well and septic systems. The Baltimore County Department of Public Works reports that it is in the planning stages of extending sewer service to the subject area and service should be available in approximately two years. This service is to be made available to existing dwellings along Riverview Road. The sewer line will have a limited amount of additional capacity to serve new lots on a case by case basis. In the opinion of the representative with whom we discussed the subject it is likely that several lots would be allowed at the subject if application were made near the time of the sewer line completion.

The subject is zoned RC-5; Rural Residential. This zone allows residential development with minimum lot sizes of 1.0 acres and a maximum density of up to 0.667 units per acre. The existing Wildwood Beach subdivision plan lists the subject area as four lots. Of these four lots, Lot 34 appears to be primarily wetlands and the remaining area would not be sufficient to support three dwellings. Therefore the subject area is suitable for up to two residential lots. The subject's location on Back River is within the Baltimore County Critical Area designation. The requirements of this legislation will require a new dwelling to be 100 feet from the shore and will further impede the development of the subject. The net size of two lots of 0.62 acres each is consistent with water front lots that are currently selling in the subject market.

Therefore the subject is legally and physically suited for use as two waterfront single family homesites. The existing pier compliments this use and enhances the subject value for this use. In order to be subdivided as two lots the sewer extension and access would have to be secured. Therefore the most likely use of the subject is to hold it in its present arrangement pending the sewer line extension which is projected to be completed in two years. Therefore it is our opinion that the subject's Highest and Best Use is as two waterfront family homesites, pending the sewer extension that is currently in the planning stages.

METHODS OF VALUATION

In estimating the Market Value of real estate there are three methods by which an estimate of value can be derived. They are the Cost, Direct Sales Comparison, and Income Approaches. All three approaches find their basis in the principle of substitution, which is the premise that an informed individual would pay no more than what a comparable (property, site, improvement or rental) could be acquired for. The principle of substitution extends through all three approaches whether it is land, improved property, rentals or capitalization rates. Other principles of valuation are also utilized in a part of the methods used, such as the principles of anticipation, contribution, supply and demand, and change. A brief discussion of the methods employed in this report follows. The use of all three methods, or the omission of one or more of the methods, is dependent on the type of property being appraised as well as the availability of data.

METHODS OF VALUATION (Cont.)

Cost Approach

The Cost or Summation Approach is applied to the subject property by estimating the cost to reproduce the improvements, less depreciation if any, and adding the value of the site. The only subject improvements that would be contributory would be the pier. We have reflected the pier value as an adjustment in the Sales Comparison Approach as most of the comparables have a similar site improvement such as a bulkhead. Therefore, lacking substantial subject improvements, the Cost Approach is not considered an appropriate method of valuation for the subject and has not been developed.

Sales Comparison Approach

The Direct Sales Comparison Approach employs recent sales of similar properties and compares these properties to the subject. This approach has been used to estimate the subject's underlying land value as of the Effective Date. Comparable sales are analyzed in order to identify differences between the comparable and the subject. Both the subject and comparable are broken down into units of comparison (price per square foot, per net rentable area, front foot, etc.). Adjustments for measurable differences are made and applied to the comparable, in effect adjusting the comparable to the subject and, therefore, indicating what the comparable would have sold for if it possessed both the physical and economic qualities of the subject property. The strength of this approach is that when adequate information is available, the Sales Comparison Approach is straightforward and easily understood. The greatest weakness of this approach comes when recent sales of similar properties are unavailable or when substantial adjustments to comparables are made.

Income Approach

The Income Approach examines the potential income the property is capable of producing, as well as the expenses that will be incurred in a normalized stabilized year. In the case of the subject the Income Approach has not been utilized due to the lack of meaningful rental data for unimproved water front lots from which to establish an income stream.

A modified form of the Income Approach has been used, however, to calculate the subject's monthly rent as requested by the client. After estimating a Market Value of the subject, including the existing site improvements, we have calculated a Net Operating Income based upon a Capitalization Rate that is reflective of the subject and general lending requirements. The calculated Net Operating Income is then refined for owner expenses such as management and reserves to yield an Effective Gross Income. The Effective Gross Income is further refined to recognize risks of vacancy and collection to arrive at a gross annual rent. The annual rent is then converted to a monthly rate to arrive at the rental rate as requested by the client.

THE SALES COMPARISON APPROACH

COMPARABLE LAND SALE #1

LOCATION: 3520 Galloway Road
Middle River, MD 21220

CONSIDERATION/DATE: \$275,000.00 / April 4, 2002

TITLE REFERENCE: 16291/132

GRANTOR/GRANTEE: Roberta J. Beauskamp / Joseph Walters, Etux

TAX INFORMATION: 98/4/4; Lot 52 15-11-771780

Fair Cash Value Land	\$116,720.00
Fair Cash Value Improvements	<u>\$ 39,050.00</u>
Total	\$155,770.00

ZONING: RC-5

LOT SIZE: 0.73 Acres

SITE DESCRIPTION: Located on north side of Middle River in Bowleys Quarters, this site includes a boat ramp

COMMENTS: Older dwelling is of no value and is to be removed upon completion of new house by purchasers. Area is being connected to public sewer service at this time and this lot may have to wait for new sewer access but construction with existing septic will be allowed per Listing Agent

CONFIRMATION: Listing Agent

PRICE/ACRE: \$376,712



COMPARABLE LAND SALE #2

LOCATION: Avenue B
Fort Howard, MD 21219

CONSIDERATION/DATE: \$160,000.00 / October 28, 2001

TITLE REFERENCE: Not yet available

GRANTOR/GRANTEE: James & Sandra Iman / Not yet available

TAX INFORMATION: 115/5/15; Lot 18 16-00-003718

Fair Cash Value Land	\$34,500.00
Fair Cash Value Improvements	<u>Unimproved</u>
Total	\$34,500.00

ZONING: DR-5.5

LOT SIZE: 0.31 Acres

SITE DESCRIPTION: Located on the north shore of the Patapsco River near the mouth at the Chesapeake Bay near the Fort Howard Veterans Hospital

COMMENTS: Lot is located in older development with access to public water and sewer. Site is improved with older bulkhead that is in relatively poor condition.

CONFIRMATION: Listing Agent

PRICE/ACRE: \$516,129



COMPARABLE LAND SALE #3

LOCATION: Middle River Avenue
Middle River, MD 21220

CONSIDERATION/DATE: \$230,000.00 / September 28, 2001

TITLE REFERENCE: 15640/380 & 383

GRANTOR/GRANTEE: Catherine E. Seay / Linda A. MacIver

TAX INFORMATION: 98/4/203; Lots 72 & 73 19-00-004839 & 19-00-004840

Fair Cash Value Land	\$97,150.00
Fair Cash Value Improvements	<u>Unimproved</u>
Total	\$97,150.00

ZONING: DR-3.5

LOT SIZE: 0.61 Acres

SITE DESCRIPTION: Two contiguous 50 foot wide waterfront lots located s

COMMENTS: Two separately listed parcels were purchased to be improved with one single family dwelling. Site has access to public water and sewer service

CONFIRMATION: Listing Agent

PRICE/ACRE: \$377,049



COMPARABLE LAND SALE #4

LOCATION: 9110 Chesapeake Avenue
Dundalk, MD 21219

CONSIDERATION/DATE: \$169,000.00 / January 25, 2001

TITLE REFERENCE: 14963/599

GRANTOR/GRANTEE: Joseph G. Sisolak / Kevin & Tammi Reeder

TAX INFORMATION: 112/15/5; Lot 32 15-19-390682

Fair Cash Value Land \$ 97,180.00

Fair Cash Value Improvements \$217,380.00 (Constructed in 2001)

Total \$314,560.00

ZONING: DR-5.5

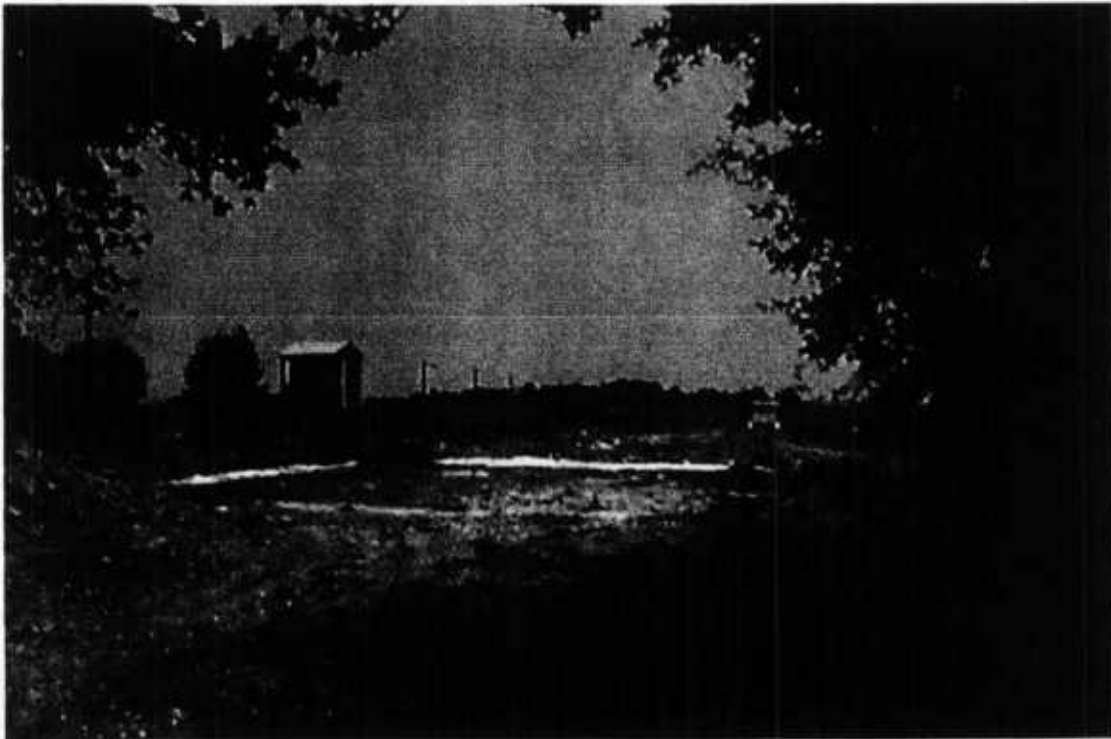
LOT SIZE: 0.21 Acres

SITE DESCRIPTION: Waterfront lot located on southern peninsula at mouth of Back River

COMMENTS: Located near Hart Miller Island in community of older homes with public utilities that is in transition as homes are renovated and new waterfront dwellings are constructed

CONFIRMATION: Listing Agent

PRICE/ACRE: \$804,762



COMPARABLE LAND SALE #5

LOCATION: 3618 Claires Lane
Middle River, MD 21220

CONSIDERATION/DATE: \$228,000.00 / December 20, 2000

TITLE REFERENCE: 14887/89

GRANTOR/GRANTEE: Christopher M. Steg / Michael & Teresa Burruss

TAX INFORMATION: 91/15/483; Lot 2 23-00-011025

Fair Cash Value Land \$124,800.00

Fair Cash Value Improvements \$232,480.00 (Constructed in 2001)

Total \$357,280.00

ZONING: DR-3.5

LOT SIZE: 1.40 Acres

SITE DESCRIPTION: Located on narrow dead end street with waterfront on Frog Mortar Creek

COMMENTS: Site has been improved with modern dwelling with bulkhead and pier. Property has access to public sanitary sewer service and uses a private well.

CONFIRMATION: Listing Agent

PRICE/ACRE: \$162,857



COMPARABLE LAND SALE #6

LOCATION: 7433 Bayfront Road
Dundalk, MD 21219

CONSIDERATION/DATE: \$150,000.00 / May 19, 2000

TITLE REFERENCE: 14493/504

GRANTOR/GRANTEE: Edgemere Lodge 537 / George L. Kotrosa III

TAX INFORMATION: 111/22/30

Fair Cash Value Land	\$33,260.00
Fair Cash Value Improvements	<u>Unimproved</u>
Total	\$33,260.00

ZONING: DR-5.5

LOT SIZE: 1.43 Acres

SITE DESCRIPTION: Level waterfront lot on Old Road Bay off of Patapsco River

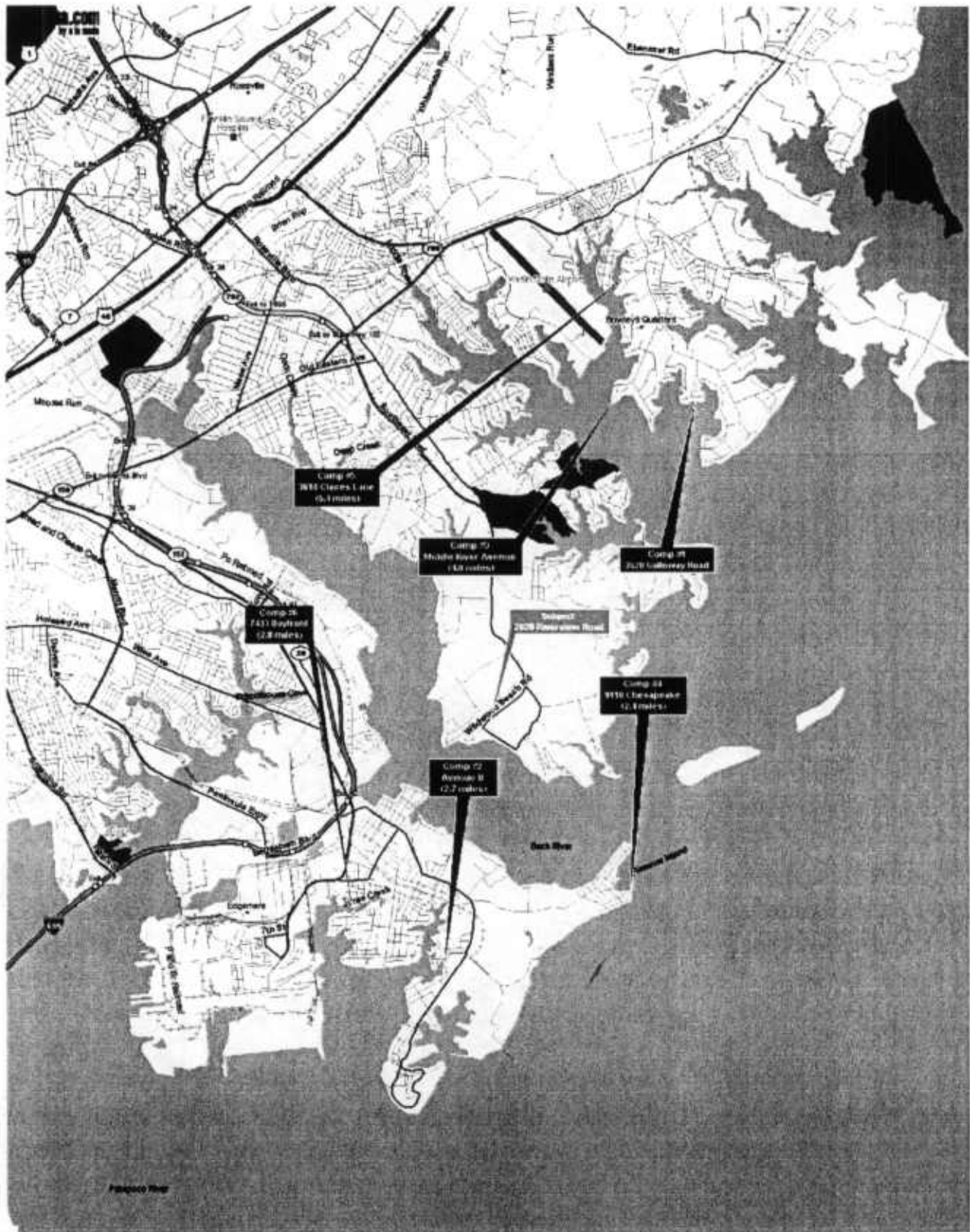
COMMENTS: This location is just east of the Bethlehem Steel plant at Sparrows Point and is considered not as desirable as that of the subject. Property has access to public utilities.

CONFIRMATION: Listing Agent

PRICE/ACRE: \$104,895



COMPARABLE SALES MAP



SALES COMPARISON ANALYSIS

Unit No./ Address	Sold Price	Settle Date	Acreage	Price/Acre
3520 Galloway Road	\$ 275,000	Apr-02	0.73	\$ 376,712
Avenue B	\$ 160,000	Oct-01	0.31	\$ 516,129
Middle River Avenue	\$ 230,000	Sep-01	0.61	\$ 377,049
9110 Chesapeake Ave	\$ 169,000	Jan-01	0.21	\$ 804,762
3618 Claires Lane	\$ 228,000	Dec-00	1.40	\$ 162,857
7433 Bayfront Road	\$ 150,000	May-00	1.43	\$ 104,895
Subject			0.62	

ADDRESS	SALES	TIME	LOCATION	UTILITY		CONDITION	SIZE	TOTAL	INDICATED
	PRICE			ACCESS	RISK			ADJUST	VALUE
3520 Galloway Road	\$ 275,000	1%	-10%	-5%		-25%	0%	-39%	\$ 167,750
Avenue B	\$ 160,000	2%	0%	-5%		0%	10%	7%	\$ 171,200
Middle River Avenue	\$ 230,000	3%	-10%	-5%		5%	0%	-7%	\$ 213,900
9110 Chesapeake Ave	\$ 169,000	5%	0%	-5%		5%	10%	15%	\$ 194,350
3618 Claires Lane	\$ 228,000	5%	0%	-3%		0%	-25%	-23%	\$ 175,560
7433 Bayfront Road	\$ 150,000	7%	25%	-5%		0%	-25%	2%	\$ 153,000
Average =									\$ 179,293

Indicated Subject Lot Value

\$ 170,000.00

SALES COMPARISON APPROACH

In order to estimate the Market Value of the subject land by the Sales Comparison Approach, sales of similar waterfront lots were identified and analyzed and then compared to the subject. Our research focused on waterfront properties with similar appeal that are located in the eastern Baltimore County market. The sales prices of these sales have been adjusted for differences with the subject and the resulting adjusted range has then been reconciled into a subject rate.

The comparable sales have occurred over the last 2 ½ years in which there has been an increase in some segments of the real estate market. Waterfront land sales have been part of this increasing market as noted by comparing the unadjusted rates of the highlighted comparables. Based on this market wide increase that is supported by the trend noted amongst the comparables we have made a 3% annual increase to bring the sales up to the Effective Date. Other adjustments have been made for differences in location, on-site improvements, and size as explained below.

All of the comparable lots have either existing sewer service or are scheduled for service in the near future. The subject lots will have to attempt to access the system after it is installed and service is provided to the existing dwellings. While the representative of the Baltimore County Public Works with whom we discussed the subject felt that chances were very good access would be available there is still some uncertainty as to the approval. To reflect the risk of denial and/or delay we have applied a 5% discount to the sales prices of the comparable lots.

Comparable Sale #1, 3520 Galloway Road, is an April 2002 sale of a 0.73 acre waterfront lot on Galloway Creek off of Middle River. This property is composed of two lots that have been assembled and used as a single lot for some time. At the time of sale this site was improved with a one bedroom dwelling that is in relatively poor condition. The purchaser is to use this structure until the completion of a new house, however. There is a boat ramp and parking area for trailer on this site as well. Public sewer for existing dwellings is being installed in the near future. The rate of this sale has been adjusted for its superior location near the mouth of Middle River and for the difference in time from this sale date to the Effective Date. The rate has also been adjusted for the utility of the existing dwelling and for the ability to access the new sewer line when it becomes available.

Comparable Sale #2, Avenue B Avenue, is an October 2001 sale of a 0.31 acre lot with public utility access. The rate of this sale has been adjusted for time as well as the immediate access to public utilities. In addition, an adjustment has been made in recognition of the subject's larger lot size.

Comparable Sale #3, Middle River Avenue, is a sale of two contiguous smaller lots near Comparable #1 off of Middle River. The assemblage of these two lots by the purchaser is support for our estimation of two larger lots rather than three small lots as the subject's Highest and Best Use. The rate of this sale has been adjusted for its September 2001 sale date as well as for its superior location near the mouth of Middle River. The rate has been treated for the projected sewer line access in the same manner as for Comparable #1.

SALES COMPARISON APPROACH (Cont.)

Comparable Sale #4, 9110 Chesapeake Avenue, is a February 2001 sale of a waterfront lot on the south shore of Back River near the mouth at the Chesapeake Bay. The rate of this sale has been adjusted for the difference in time, for the comparable's immediate access to utilities, and for the subject's larger size.

Comparable Sale #5, 3618 Claires Lane, is a December 2000 sale of an unimproved residential lot on Frog Mortar Creek. This location further up Middle River from the Bay is not considered as desirable as Comparables #1 and #3 and therefore no location adjustment has been made when compared to the subject. The rate of this sale was adjusted for differences in time and for the immediate access to public sewer service. The rate was also adjusted for the existing bulkhead and for the comparable's larger size.

Comparable Sale #6, 7433 Bayfront Road, is a May 2000 sale of a 1.43 acre unimproved waterfront lot in the Dundalk area. This rectangular parcel had access to public utilities and had been improved prior to sale with a bulkhead. The rate has been adjusted to reflect the older date of this transfer as well as for the comparable's inferior location and immediate access to public utilities. An additional adjustment has been made in recognition of the comparable's larger size.

After adjusting the comparable sales as warranted the range indicated for the subject lots is from \$153,000 to \$213,900 with an average of \$179,293. Comparables #1 is the most recent sale and Comparable #2 is considered most similar and both are weighed heavily. Based upon the relative importance of the selected comparables sales we have valued the subject lots at \$170,000.00 each. This rate includes the contributing value of the existing pier as several of the comparables included either a temporary dwelling or bulkheads. Comparables #3 and #4 did not have a similar feature and were consequently adjusted upwards.

This lot value is a current value as of the Effective Date, however, sale of the subject lots would most likely be delayed until the sewer line was installed. Based on the market over the last few years a projection of an increase in waterfront lot values of 3% annually is considered reasonable. This rate has therefore been applied to the present value to yield a projected lot value of \$180,506.00 each. As sewer access will not be assured until a permit is submitted the 5% risk adjustment used in our grid would remain in affect and no other change in assumed. Therefore the future gross sell out of the two subject lots would be \$361,012.00.

Indicated Subject Lot Value		\$	170,000.00
Future Value Factor	2 Years	3%	<u>1.0618</u>
		\$	180,506.00
Subject Lot Yield			<u>2</u> Lots
Gross Sell Out Value		\$	361,012.00

SALES COMPARISON APPROACH (Cont.)

In order for the subject lots to be subdivided a "lot line adjustment" plan will have to be submitted and approved by Baltimore County. As the subject is waterfront in the Critical Areas this approval may require some legal assistance in addition to the services of an engineer. We have therefore budgeted \$10,000 for costs associated with this lot line adjustment. In addition, the creation and ultimate sale of the subject lots would be done based upon the expectation of a profit. Even if the owner/developer were to keep one lot the motivation for selling the second lot is based on the creation of some level of profit. Based on typical returns for limited subdivisions we have projected a developer, or entrepreneurial profit of 15%. These expenses are deducted from the Gross Sell Out Value to yield a Net Future Value.

To reflect the risk of carrying this investment over the projected holding and approval period of two years we have discounted this Net Future Value by 10%. This rate is higher than the projected appreciation rate of 3% as it is also reflective of the risks associated with holding the real estate including loss of alternative investments and illiquidity. After applying the annual 10% to the Net Future Value the Present Value of the subject lots is calculated as shown below:

Indicated Subject Lot Value			\$	170,000.00	
Future Value Factor	2 Years	3%		<u>1.0618</u>	
			\$	180,506.00	
Subject Lot Yield					<u>2</u> Lots
Gross Sell Out Value			\$	361,012.00	
Engineering & Development Costs			\$	10,000.00	
Entrepreneurial Profit	15%		\$	<u>54,151.80</u>	
			\$	64,151.80	
Net Future Value			\$	296,860.20	
Present Value Factor	2 Years	10%		<u>0.8194</u>	
Present Value of Lots			\$	243,247.25	
			Rounded		<u><u>\$ 243,000.00</u></u>

The Present Value is considered the subject's Market Value as of the Effective Date.

MARKET RENT CALCULATION

MARKET RENT CALCULATION

The subject is under a long term lease that is outlined on the following page. At the request of the client we have estimated a Market Rent for the renewal of this lease. The most direct way to estimate Market Rent would be through comparison with similar recently leased properties. Due to the unique nature of the subject use and the lack of unimproved waterfront leases, however, we have calculated the current Market Rent using a modification of the Income Approach.

The estimation of Market Value of a property by the Income Approach requires the appraiser to measure the annual Net Operating Income the property is capable of generating, and then capitalizing the NOI by an Overall Rate. The Net Operating Income of a property is the amount of income the property produces after all expenses are deducted prior to debt service. In arriving at an estimate of the NOI the appraiser first must estimate the Potential Gross Income the property can produce based upon the Market Rent.

In the case of the subject we will start with the Market Value and work back to a Market Rent that would be required, assuming typical investment returns, to support the original Market Value. A Capitalization Rate reflective of competing investment opportunities, risk, and illiquidity is applied to the Market Value to yield a Net Operating Income. To this Net Operating Income we have added anticipated costs associated with the investment including taxes, insurance, management, and reserves to yield an Effective Gross Income. This value is further adjusted for the risks associated with vacancy and collection to yield a Potential Gross Income or annual gross rent. As noted on the following lease abstract, the subject Lessor has retained the right to maintain a boat at the subject pier. The value of this has been deducted from the annual gross rent to yield our estimation of current annual Market Rent. When divided by twelve months of the year the resulting value is the current monthly Market Rent.

The calculation of an appropriate Capitalization Rate is based upon typical return requirements for investors and mortgage lenders. We have calculated a rate using the Band of Investment method using weighted return requirements. Due to the relatively risky nature of an investment in land for subdivision we have projected an equity rate of 10%. This rate is considered reasonable in light of "safe" investment vehicles offering rates in the 2% to 4% range depending on term. Mortgage lending typically requires a 70% loan to value cap and lending is currently in the 7% to 9% range according to www.realtyrates.com. Assuming a 20 year term for an 8% mortgage rate the annual mortgage constant would be 0.10037. With these rates and the Band of Investment technique we can calculate a Capitalization Rate of 10.0% for the subject as shown:

	<i>Value</i>		<i>Constant</i>		<i>Rate</i>
<i>Mortgage Position</i>	<i>0.700</i>	<i>x</i>	<i>0.10037</i>	<i>=</i>	<i>0.07026</i>
<i>Equity Position</i>	<i>0.300</i>	<i>x</i>	<i>0.10000</i>	<i>=</i>	<i>0.03000</i>
	<i>Overall Cap Rate</i>			<i>=</i>	<i>0.10026</i>
					<i>Rounded</i>
					<i>10.0%</i>

LEASE ABSTRACT

Property Address: 2020 Riverview Road
Essex, MD 21221

Lessor: Patricia Southworth Klutz

Lessee: Maryland Environmental Service

Commencement Date: July 1, 1997

Termination Date: June 30, 2002

Options to Renew: One five year renewal

Current Contract Rate:

7/97 – 6/98	\$1,600/month
7/98 – 6/99	\$1,650/month
7/99 – 6/00	\$1,700/month
7/00 – 6/01	\$1,750/month
7/01 – 6/02	\$1,800/month

Rentable Area: Lots 35 through 37, access road from Riverview Road, & 15 feet along access road for overflow parking. Based on plat of subject lands the rentable area is in essence Lots 34 through 37 of the Wildwood Beach subdivision

Additional Rent: Lessee is responsible for routine maintenance and utilities

Landlord Responsibilities: Landlord is to maintain liability insurance with \$500,000 per occurrence and \$2,000,000 per aggregate for bodily injury and property protection. Landlord is also responsible for all property taxes.

Notes: Landlord retains the right to dock one boat at the subject pier at a slip designated by the tenant.

MARKET RENT CALCULATION (Cont.)

When the 10.0% Capitalization Rate is applied to the subject Market Value of \$243,000.00 the indicated Net Operating Income is \$24,300.00. To this we have added landlord operating expenses which include the following:

Real Estate Taxes

The real estate taxes have been estimated at \$1,405.00 based on prorating the taxes for Lots 37 through 39 after removing the portion of the taxes indicated by the Improvement Fair Cash Value for this parcel.

Fire and Hazard Insurance

The landlord insurance expense has been estimated at \$1,000.00.

Maintenance

Maintenance is the tenant's responsibility.

Utilities

Expenses for electric and telephone would be the responsibility of the tenants.

MARKET RENT CALCULATION (Cont.)

Property Management

The property management allowance, which is the responsibility of the owner, has been estimated at 2% of the Effective Gross Income.

Reserves for Repairs and Replacements

The reserves for replacement of short lived items for the subject property has been estimated at 2% of the Effective Gross Income. This replacement reserve has been based on a typical replacement reserve schedule.

The sum of these items is considered the costs of operating the subject as an investment and is added to the Net Operating Income to yield an Effective Gross Income. A vacancy and collection rate of 2% has been added to this Effective Gross to yield a Potential Gross Income as shown below.

We have deducted \$1,500.00 from the annual rent in recognition of the value of the landlord's ability to dock a boat at the subject pier based upon slip rental rates at competing facilities. The resulting adjusted Potential Gross Income has then been divided by twelve to yield a monthly Market Rent based on the subject lease terms.

RENT CALCULATION

Market Value of Land & Site Improvements	\$ 243,000.00		
Indicated Capitalization Rate		10%	
Required Net Operating Income	\$ 24,300.00		
Expenses			
Real Estate Taxes	\$ 1,405.00		
Insurance	\$ 1,000.00		
Utilities	Tenant		
Maintenance	Tenant		
Management	2% \$ 495.92		
Reserves	2% \$ 495.92		
Total Expenses	\$ 3,396.84		
Required Effective Gross Income	\$ 27,696.84		
Vacancy & Collection Losses	2% \$ 565.24		
Gross Annual Rent	\$ 28,262.08		
Value of Slip Use	\$ 1,500.00		
Net Annual Rent	\$ 26,762.08	Rounded	\$ 26,760.00
Gross Monthly Rent	\$ 2,230.17	Rounded	<u>\$ 2,230.00</u>

MARKET RENT CALCULATION (Cont.)

Rental Increases

We have estimated the subject's current monthly Market Rent at a rate of \$2,230.00. This monthly rate would be for the first year. Based on the current rate of inflation of between 1% and 3% and the previously discussed rising rate of real estate values in the Baltimore metro region we are of the opinion that an annual increase of 3% is reasonable for the five year renewal period. Therefore the subject monthly rents for the five years of the renewal are as shown below:

	Term		Monthly Rent	Annual Rent
Jul-02	through	Jun-03	\$ 2,230.00	\$ 26,760.00
Jul-03	through	Jun-04	\$ 2,297.00	\$ 27,564.00
Jul-04	through	Jun-05	\$ 2,366.00	\$ 28,392.00
Jul-05	through	Jun-06	\$ 2,437.00	\$ 29,244.00
Jul-06	through	Jun-07	\$ 2,510.00	\$ 30,120.00
			Total =	\$ 142,080.00

RECONCILIATION OF FINAL VALUE ESTIMATE

RECONCILIATION OF FINAL VALUE ESTIMATE

Reconciliation is the process of evaluating related conclusions and facts into a final estimate of value. The appraiser weighs the strengths and weaknesses of each approach to value estimation and gives the greatest consideration and reliance on the approach which, in his professional judgment, best approximates the Market Value in the appraisal.

Cost Approach	Not Applicable
Sales Comparison Approach	\$243,000.00
Income Approach	Not Applicable

The Cost Approach has not been used due to the lack of existing improvements.

Market data was compiled and analyzed and was of sufficient quantity and quality to justify reliance on the Sales Comparison approach. Sales data used were arms length transactions, located in the subject market area and were considered similar to the subject property. Necessary adjustments were applied to make these sales as comparable to the subject as possible. The hazards of this approach such as insufficient data or dissimilar sales were avoided by the availability of comparable sales.

The Income Approach was not used due to a lack of rental data for the existing improvements which are to be razed under the subject's Highest and Best Use.

After consideration of the facts presented in this report, it is the opinion of the appraisers that the Market Value of the subject portion of the overall property is:

TWO HUNDRED FORTY THREE THOUSAND DOLLARS (\$243,000.00)

In addition, at the request of the client, we have calculated the Market Rent for the subject. Based on the subject Market Value and typical lender/investor return requirements we have calculated a monthly subject rental rate of:

TWO THOUSAND TWO HUNDRED THIRTY DOLLARS (\$2,230.00)

EXPOSURE AND MARKETING TIMES

The subject is an unimproved waterfront parcel located in the Essex area of eastern Baltimore County. The subject's Highest and Best Use has been determined to be holding until the completion of sewer service and subdivision into two building lots. The appeal of waterfront lots in the subject area is strong and considered to be growing with changes that are occurring in Essex.

The MARIS multiple listing service lists average marketing times for waterfront lots in Baltimore County from 1999 through 2002 as follows.

<u>Year</u>	<u>Number of Sales</u>	<u>Average Sales Price</u>	<u>Average Marketing Times</u>
1999	10	\$112,380	207 Days
2000	6	\$150,083	299 Days
2001	7	\$114,857	43 Days
2002(up to 8/31/02)	4	\$126,225	84 Days

Based on these reported average rates we can see a relatively steady Marketing Time with a current average of 2.8 months. The range of Marketing Times for the subject comparables is from 10 to 78 days with Comparable #6 requiring 420 days. This sale is the oldest and is in an inferior location. Based on the subject location and appeal as well as these market rates we have estimated a subject Exposure Time of six to twelve months.

The Marketing Time of the subject would also be in the same range of approximately six to twelve months. This is based on the strength of the current market for real estate in general and particularly for waterfront lots plus the continuing availability of attractive financing.

ADDENDA



SUBJECT ENTRANCE FROM RIVERVIEW ROAD



SUBJECT PARKING LOT LOOKING WEST TOWARDS LOT 34



SUBJECT WATERFRONT & BEACH LOOKING WEST



SUBJECT PIER



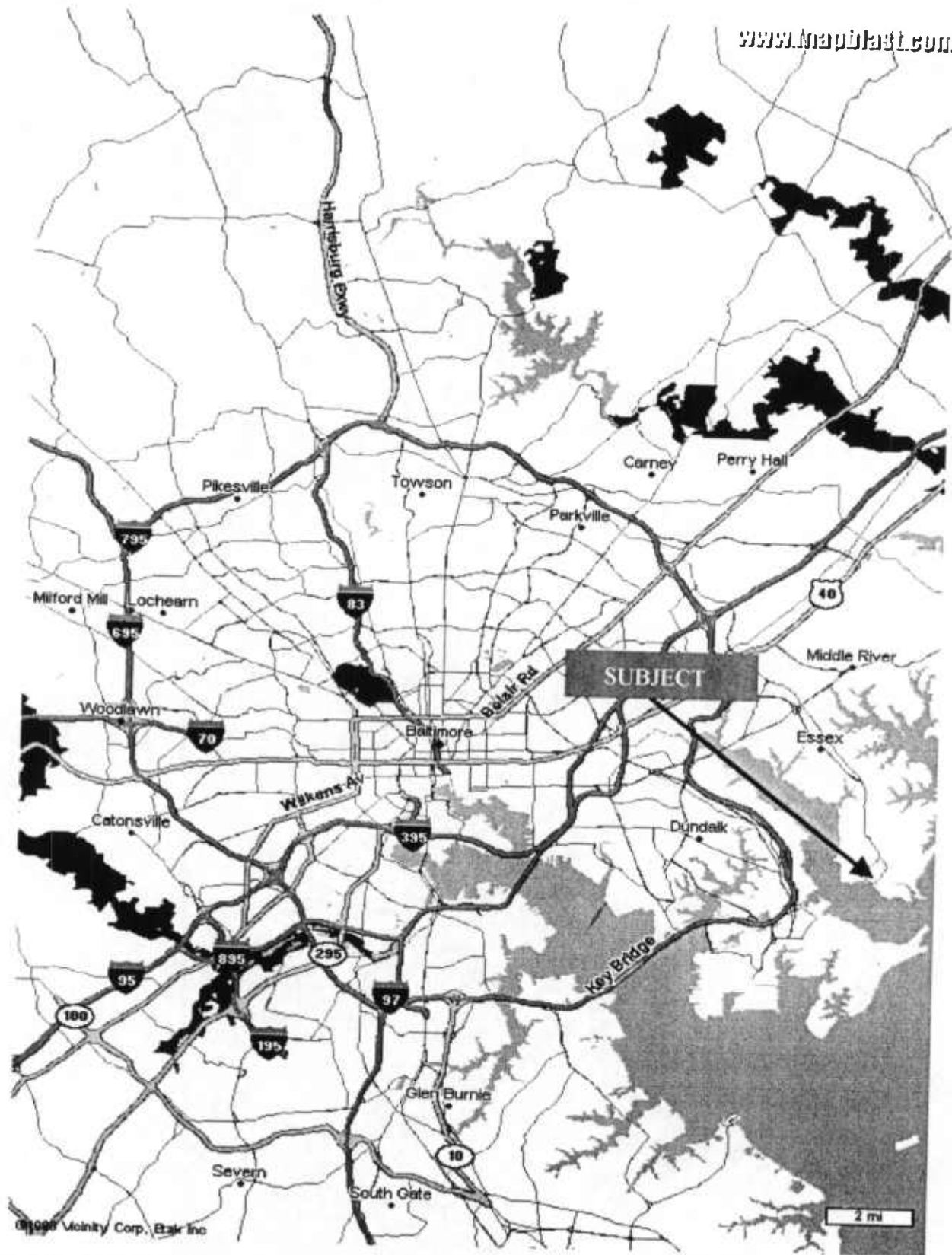
SUBJECT PIER & LAND FROM END OF PIER LOOKING NORTH

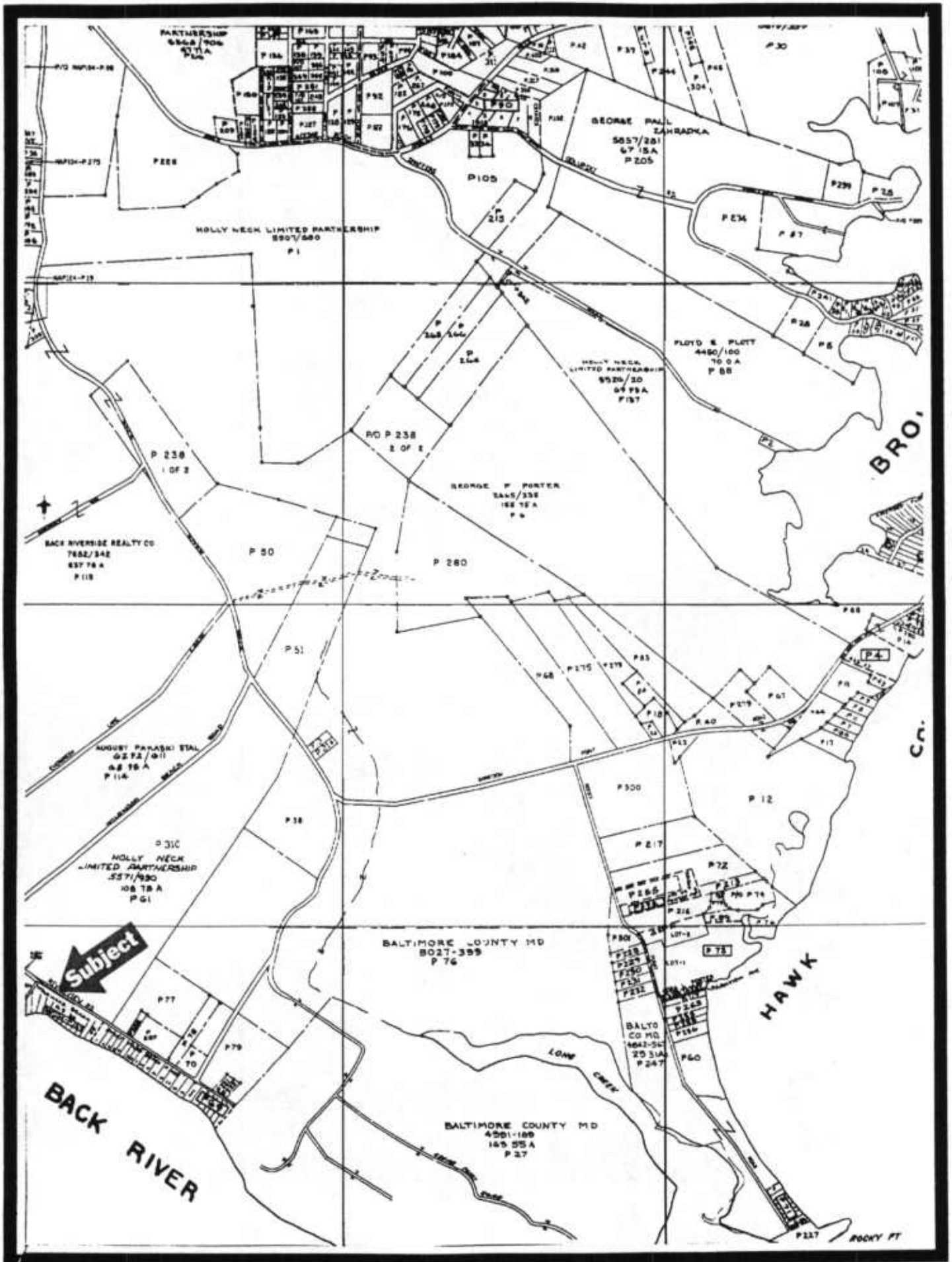


STREET SCENE AT SUBJECT LOOKING WEST ON RIVERVIEW ROAD

SUBJECT LOCATION MAP

www.mapblast.com





Subject

BACK RIVER

HAWK

BRO.

Co.

BALTIMORE COUNTY MD
8027-399
P 76

BALTIMORE COUNTY MD
4642-54
25 31A
P 247

BALTO
CO MD
4642-54
25 31A
P 247

PARTNERSHIP
868/706
201A
P 104

GEORGE PALL
ZAHRADKA
5857/281
67 15A
P 205

HOLLY NECK LIMITED PARTNERSHIP
890/680
P 1

HOLLY NECK
LIMITED PARTNERSHIP
890/680
67 15A
P 107

FLOYD E PLOTT
4490/100
TO O A
P 88

GEORGE P PORTER
245/338
188 18 A
P 4

AUGUST PALASKI ETAL
62 72 / 611
48 19 A
P 114

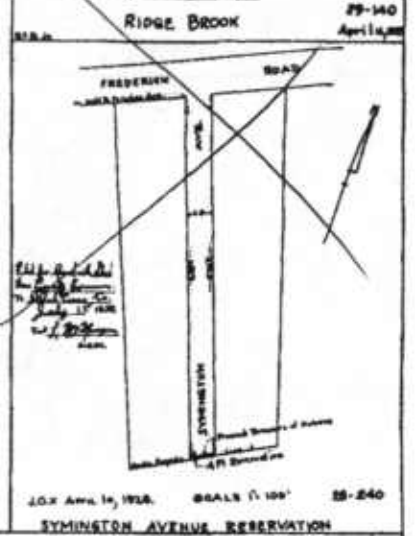
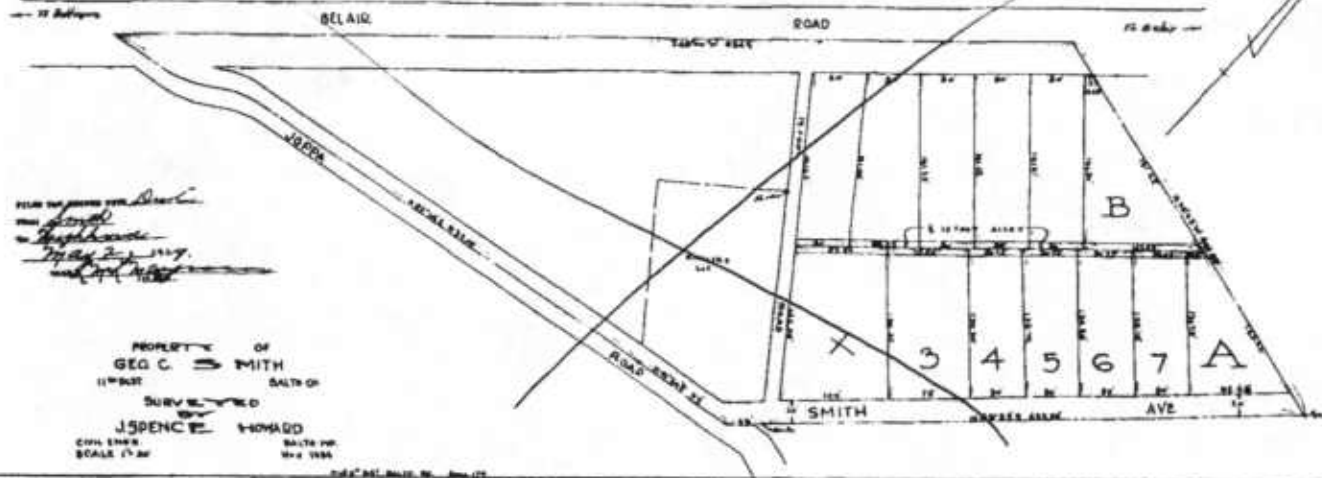
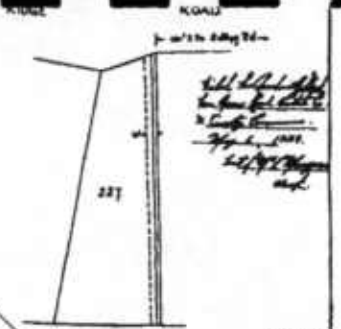
HOLLY NECK
LIMITED PARTNERSHIP
890/680
108 18 A
P 61

ROCKY PT



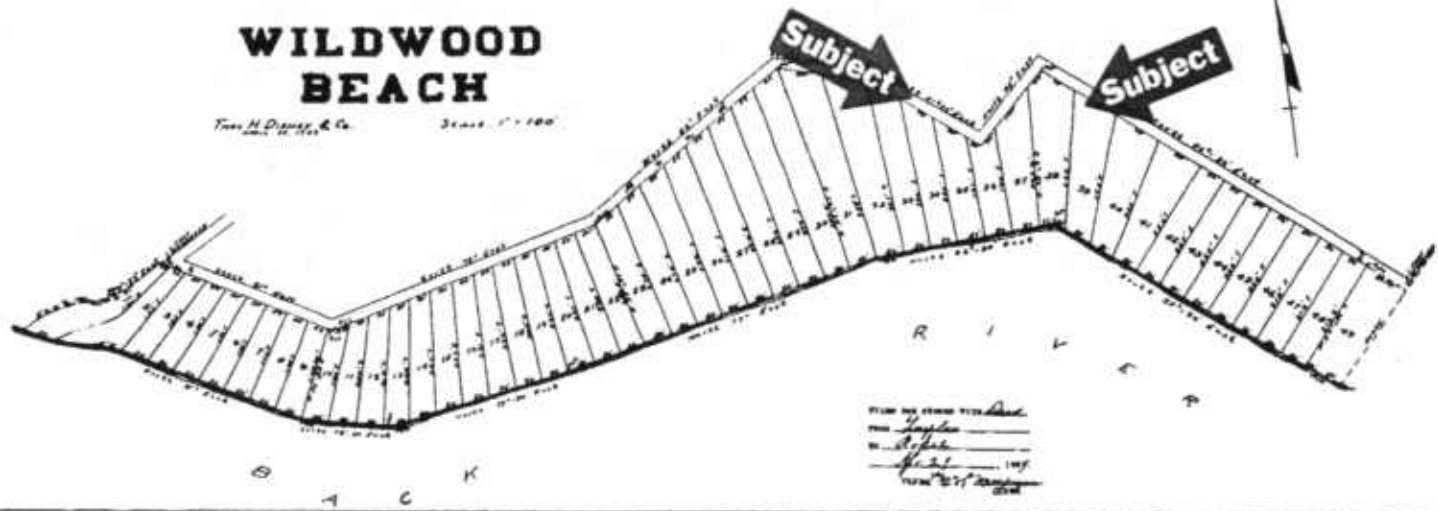
FILED BY GEORGE W. BIRD
 BY *[Signature]*
 DATE *[Date]*
 COUNTY *[County]*
 STATE *[State]*
 SCALE 1 inch = 100 feet

Scale 1" = 50' Area 1.200 30 BU
 Baltimore County Metropolitan District 15-287



WILDWOOD BEACH

Tracy H. Disney & Co. Scale 1" = 100'



0012642 475

DPFQ - FEE SIMPLE INDIVIDUAL GRANTOR - LONG FORM

This Deed, MADE THIS 19th day of September

in the year one thousand nine hundred and ninety-seven by and between
John F. Owings, Jr.

of Baltimore County, State of Maryland, party of the first part, and
Patricia Lee Southworth Kluttz, party

of the second part.

WITNESSETH, That in consideration of the sum of Sixty Thousand and no/100ths Dollars (\$60,000.00) and other good and valuable considerations, the receipt of which is hereby acknowledged

the said party of the first part

does grant and convey to the said party of the second part, her

personal representatives, heirs and assigns in fee simple, all

those lots of ground situate in 15th Election District of Baltimore County, State of Maryland and described as follows, that is to say:

BEING KNOWN AND DESIGNATED AS Lots 34, 35 and 36 as shown on the Plat entitled "Wildwood Beach", which Plat is recorded among the Land Records of Baltimore County in Plat Book 9, Folio 30.

BEING part of the same property described in a Deed dated September 4, 1997 and recorded among the Land Records of Baltimore County in Liber 12388 folio 742 was granted and conveyed unto John F. Owings, Jr., the within grantor

SUBJECT TO ALL COVENANTS AND RESTRICTIONS OF RECORD.

Return to:
HAMMOND & HAMMOND, LLC
P.O. BOX 569, 465 Main Street
Reisterstown MD 21136

File No. 5993
410-833-7576

REVIEWED SDAT
BY *SP* 10/12/76
DATE

SUBJECT TO THE FOLLOWING COVENANTS, CONDITIONS AND RESTRICTIONS

1. No more than one single-family dwelling shall be constructed on the combined Lots described above. The intent of the parties being that only a single dwelling may be constructed on the combined Lots 34, 35, 36, 37, 38 and 39 Wildwood Beach.
2. Grantee joins herein for the purpose of expressly covenanting and agreeing that the covenants, conditions, restrictions and reservations set forth in paragraph 1 above shall be binding upon the said Grantee, her personal representatives, heirs and assigns, and upon the real property hereinabove described.
3. Enforcement of such covenants, conditions, restrictions and reservations shall be by proceedings at law or in equity against any person or persons violating or attempting to violate the same, either to restrain violation or to recover damages, or both.
4. Any or all of the rights interests, and powers herein reserved by or conferred upon the Grantor may be assigned or transferred by the Grantor, at Grantor's election and in Grantor's sole discretion; provided, however, that no such rights, interests, and powers shall be deemed assigned or transferred by Grantor unless such assignment or transfer shall be evidenced by an appropriate instrument duly executed by the Grantor and recorded among the then proper public land records and expressly and specifically referring to and identifying the rights, interests, and powers herein reserved or conferred and, unless such transfer assignment shall be so expressly and specifically identified, no subsequent conveyance by Grantor of Grantor's remaining lands to any party or parties shall be deemed to carry with it by implication or otherwise any assignment or transfer of the foregoing rights, interest, and powers.

0012442 477

TOGETHER with the buildings thereupon, and the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD the said described lots of ground and premises to the said Patricia Lee Southworth Kluttz, her

personal representative ~~as such~~ and assigns, in fee simple.

AND the said party of the first part hereby covenant that he has not done or suffered to be done any act, matter or thing whatsoever, to encumber the property hereby conveyed, that he will warrant specially the property hereby granted; and that he will execute such further assurances of the same as may be requisite.

WITNESS the hands and seals of said grantor and Grantee

Test:

[Handwritten signature]

[Handwritten signature]
John F. Owings, Jr.

IN WITNESS

[Handwritten signature]
Patricia Lee Southworth Kluttz

STATE OF MARYLAND, Baltimore Co. to wit:
I HEREBY CERTIFY, That on this 19th day of September in the year one thousand nine hundred and ninety-seven before me, the subscriber, a Notary Public of the State aforesaid, personally appeared John F. Owings, Jr. and Patricia Lee Southworth Kluttz known to me (or satisfactorily proven) to be the persons whose names are subscribed to the within instrument, and acknowledged the foregoing Deed to be their act, and in my presence signed and sealed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Handwritten signature]
Notary Public
BALTIMORE, MARYLAND

My Commission expires:

9/14/98

This is to certify that the within instrument has been prepared (i) by or under the supervision of the undersigned Maryland attorney, or (ii) by a party to this instrument.

[Handwritten signature]

(Signature of attorney admitted to practice in Maryland if the instrument has been prepared by or under the supervision of such attorney, or signature of a party to the instrument if such party has prepared the instrument)

0012442 478

064668 OCT 15

State of Maryland Land Instrument Intake Sheet

Baltimore City & County: Baltimore

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

(Check Box if Additional Intake Form is Attached.)

1 Type(s) of Instruments: Deed, Mortgage, Other (Name)

2 Conveyance Type Check Box: Improved Sale, Unimproved Sale, Multiple Accounts, Not an Arms-Length Sale (M)

3 Tax Exemptions (if Applicable): State Transfer, County Transfer

4 Consideration and Tax Calculations: Consideration Amount \$60,000.00

Transfer and Recordation Tax Consideration

Transfer Tax Consideration	\$ 60,000.00
X (1.5%)	\$ 900.00
Less Exemption Amount	\$
Total Transfer Tax	\$ 900.00
Recordation Tax Consideration	\$
X () per \$500	\$
TOTAL DUE	\$

Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	\$ 20.00	\$ 20.00
Surcharge	\$ 5.00	\$ 5.00
State Recordation Tax	\$ 300.00	\$
State Transfer Tax	\$ 300.00	\$
County Transfer Tax	\$ 900.00	\$
Other	\$	\$
Other	\$	\$

Agmt: JTB
Tax Bill: PAID
C.B. Credit:
Ag. Tax/Other: \$4.97
#1855 PAID

8 Description of Property: District 15-20-00391, Property Tax ID No. 12388-742, Subdivision Name Wildwood Beach, Location/Address of Property Being Conveyed 34, 35, 36

7 Transferred From: John F. Owings, Jr.

8 Transferred To: Patricia Lee Southworth Klutts

9 Other Names to Be Indexed: Doc. 1 - Additional Names to be Indexed (Optional), Doc. 2 - Additional Names to be Indexed (Optional)

10 Contact/Meet Information: Instrument Submitted By or Contact Person: Lawrence M. Hammond, Hammond & Hammond LLC, 465 Main St., P.O. Box 569, Reisterstown, MD, 21136, Phone 410 833-7576

11 Assessment Information: Yes No Will the property being conveyed be the grantee's principal residence? Yes No Does transfer include personal property? If yes, identify: Yes No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required)

Assessment Use Only - Do Not Write Below This Line

Terminal Verification	Acquisitorial Verification	Whole	Part	Final Process Verification
Year	Date Acquired	Doc. No.	Use	Sub
Block		Zone	Lot	Plot
Total		Use	Page	Section
		Team Cd	St. Pt.	Dec. Co

REMARKS:

Overlaid on: White - Clerk's Office, Canary - SDAT, Pink - Office of Finance, Goldenrod - Proprietor, AGC CC 300 (8/93)

0011897 289

THIS DEED, made this 30th day of September, 1996, by and between PATRICIA L. KLUTTZ, personal representative of the Estate of NANCY LEE SOUTHWORTH, Estate #84830 in the Orphans Court for Baltimore County, and PATRICIA LEE KLUTTZ, parties of the first part, and PATRICIA L. SOUTHWORTH KLUTTZ, party of the second part.

WITNESSETH, that in consideration of the sum of ONE HUNDRED FIFTY-THREE THOUSAND SEVEN HUNDRED FIFTY & 00/100THS DOLLARS (\$153,750.00) and other good and valuable considerations, the receipt whereof is hereby acknowledged, the said parties of the first part do grant and convey to the said party of the second part, in fee simple, all that lot of ground situate in Baltimore County, Maryland and described as follows, that is to say:

Beginning for the same at a point on the Southeast side of a 20 foot roadway and the division line between Lots Number 36 and 37 as shown on the Plat of Wildwood Beach, which Plat is recorded among the Plat Records of Baltimore County in Plat Book WPC No. 9 folio 30 and running thence northeasterly binding on the Southeast side of said 20 foot road 140 feet to a bend; thence still continuing on said 20 foot road southeasterly 160 feet to the division line between Lots numbered 39 and 40; thence southwesterly on said last mentioned division line 244 feet, more or less, to the waters of Back River; thence northwesterly on Back River 73 feet to a bend; thence still continuing on Back River and bounding thereon westerly 77 feet to the division line between Lots numbered 36 and 37; thence northerly binding on the division line last mentioned 194 feet, more or less, to the place of beginning. Being and comprising Lots Numbered 37, 38 and 39 as shown on the aforesaid Plat of Wildwood Beach. The improvements thereon formerly being known as No. 416 Riverview Road, being now known as 2024 Riverview Road.

BEING the same property described in a Deed dated September 18, 1987 and recorded among the aforesaid Land Records in Liber 7692 folio 293, which was granted and conveyed by Donald Wesley Southworth unto Nancy Lee Southworth and also a deed dated October 13, 1989 and recorded among the aforesaid Land Records in Liber 8322 folio 500, which was granted and conveyed by Nancy Lee Southworth, unto Patricia Lee Kluttz, as to a 1/4 interest in the property. The said Nancy Lee Southworth having died on or about July 25, 1995.

COOCH & BOWERS, P.A.
ATTORNEYS AT LAW
400 WEST BALTIMORE STREET
SUITE 217
BALTIMORE, MARYLAND 21201
410-776-1200

AGRICULTURAL TRANSFER TAX
NOT APPLICABLE

1

RECEIVED FOR TRANSFER
State Department of
Assessments & Taxation
for Baltimore County

SIGNATURE [Signature] DATE 11/14/96

[Signature] 11/14/96
by Date

0011897 290

TOGETHER with the buildings thereupon, and the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD the said described lot of ground and premises to the said party the second part, its successors and assigns, in fee simple.

WITNESS the hand and seal of the said Grantors.

Patricia L. Kluttz

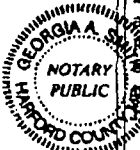
Patricia L. Kluttz (SEAL)
PATRICIA L. KLUTTZ, Personal Representative of the Estate of Nancy Lee Southworth, Estate #84830

Patricia L. Kluttz

Patricia Lee Kluttz (SEAL)
PATRICIA Lee KLUTTZ

STATE OF MARYLAND, COUNTY OF Harford, to wit:

I HEREBY CERTIFY that on this 16 day of September, 1996, before me, the subscriber a Notary Public of the State and County aforesaid, personally appeared Patricia L. Kluttz, Personal Representative of the Estate of Nancy Lee Southworth, known to me satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged the foregoing Deed to be her act, and in my presence signed and sealed the same.



My Commission Expires December 13, 1999

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Georgia A. Smith
NOTARY PUBLIC

My Commission Expires: 12/13/99

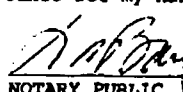
COUCH & BOWEN, P.A.
ATTORNEYS AT LAW
3000 BOWEN ROAD
SUITE 210
ANNE ARBOR, MARYLAND 21415
(410) 864-1800


0011897 291

STATE OF MARYLAND, COUNTY OF BALTIMORE, to wit:

I HEREBY CERTIFY that on this 1st day of ^{October} ~~September~~, 1996, before me, the subscriber a Notary Public of the State and County aforesaid, personally appeared Patricia Lee Kluttz, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged the foregoing Deed to be her act, and in my presence signed and sealed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


NOTARY PUBLIC



My Commission Expires: 12-1-99

I CERTIFY THAT THIS INSTRUMENT WAS PREPARED BY AN ATTORNEY OR UNDER THE SUPERVISION OF AN ATTORNEY ADMITTED TO PRACTICE BEFORE THE COURT OF APPEALS OF MARYLAND.



ATTORNEY

COOCH & BOWERS, P.A.
ATTORNEYS AT LAW
HIGH OFFICE BUILDING
SUITE 112
1000 N. CALVERT STREET
BALTIMORE, MARYLAND 21202
PHONE 955-1000

**MARYLAND ENVIRONMENTAL SERVICE
LEASE FORM**

THIS AGREEMENT, made this 28th day of July 1998, between Southworth's Marina, Inc. hereinafter called the Lessor, and Maryland Environmental Service (MES), an agency and instrumentality of the State of Maryland, hereinafter called the Lessee.

Name of Lessor: Southworth's Marina Inc.
Address of Lessor: PO Box 18045
City, State, Zip Code: Baltimore, MD 21220
Person to contact in Lessor's Office: Patricia Lee Southworth Kluttz / John Kluttz, III
Phone Number to Contact for Problems: 410-391-4553 / 410-687-7283

DESCRIPTION OF LEASED PREMISES

1.1 Lessor demises and leases unto Lessee the premises (hereinafter referred to as the "Demised Premises") known and described as: the portion of the property located at 2020 Riverview Road which includes parking areas on lots 35 through 37 of the Plat of Wildwood Beach, an access road from Riverview Road to the parking areas, all structures (including the pier), appurtenances, rights, easements, and a 15 foot wide strip running along the length of the south-east side of the current access road to be used for overflow parking. The "Demised Premises" is further described in the attached drawing marked as "Demised Premises."

USE OF THE PREMISES

1.2.1 The Demised Premises is to be used for the following purpose: operation of the Hart-Miller Island Land Base facility.

1.2.2 MES' lease of the property shall be exclusive. No other person or entity shall have any right of use of the leased property. Lessor may dock one boat at the existing pier at a slip designated by MES.

1.2.3 Lessor shall ensure that Lessee has uninterrupted and unencumbered access to the Demised Premises. Lessor shall not suffer or permit any person to prevent Lessee's access to the Demised Premises.

TERMS - RENEWAL

1.3.1 The term of the Lease is five years and commences July 1, 1997, and expires June 30, 2002.

1.3.2 Lessee has an option to renew this Lease one time for a period of five years, on the following terms: The lease will be renewable at Lessee's sole discretion. The rental for the renewal period will be determined by an appraisal conducted by a certified appraiser mutually selected by the parties. This renewal option may be exercised by Lessee in its sole discretion, after the appraisal rental price has been established by the aforementioned appraiser.

RENT

1.4.1 The rent and expense payments for services due by Lessee to Lessor for the first year of the first term of the lease are nineteen thousand two hundred dollars (\$ 19,200) per annum payable in equal monthly installments of one thousand six hundred dollars (\$ 1,600), with an annual escalator of six hundred dollars (\$600) per year. The total amount of rent to be paid through the course of the initial term shall be:

July 1, 1997 - June 30, 1998	\$1,600/mo.	\$ 19,200
July 1, 1998 - June 30, 1999	\$1,650/mo.	\$ 19,800
July 1, 1999 - June 30, 2000	\$1,700/mo.	\$ 20,400
July 1, 2000 - June 30, 2001	\$1,750/mo.	\$ 21,000
July 1, 2001 - June 30, 2002	\$1,800/mo.	<u>\$ 21,600</u>
		\$102,000 Total

1.4.2 The Lessor's Federal Tax Identification or Social Security Number is 52-2002398.

1.4.3 Rental payments shall be mailed postage prepaid to the office of the Lessor, and shall be due on the first day of the month.

1.4.4 If funds are not made available to the Lessee for continued performance of this Lease agreement, this Lease shall be canceled automatically. The effect of termination of the Lease hereunder will be to discharge both the Lessor and the Lessee from future performance of the Lease, but not from their rights and obligations existing at the time of termination. The Lessor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the Lease provided the expenditure of such costs was approved in advance by the Lessee. The Lessee shall notify the Lessor as soon as it has knowledge that funds may not be available for the continuation of this Lease agreement.

1.4.5 Except for rent due under paragraph 1.4.1, the Lessor hereby agrees that, notwithstanding the provisions of State Finance and Procurement Article of the Annotated Code of Maryland, Title 15, Subtitle 1, interest on any payments due under the terms of this Lease shall not be payable unless such payments remain unpaid for more than 75 days after receipt of a proper invoice and such payments shall accrue interest from the 61st day after receipt of a proper invoice.

QUIET ENJOYMENT

2. Lessor covenants that, so long as Lessee shall faithfully perform the terms, covenants and conditions of this Lease, Lessee shall peaceably and quietly enjoy the Demised Premises and the rights demised to Lessee hereby for the term granted without disturbance by or from Lessor or any person or entity claiming through Lessor and free of any encumbrance created or suffered by Lessor.

ASSIGNMENT & SUBLETTING

3. Lessee may assign or sublet the Demised Premises but assigning or subletting shall only be allowed upon written consent of the Lessor, whose consent shall not be unreasonably withheld. Notwithstanding the foregoing, Lessee may assign this Lease to the Maryland Port Administration without the consent of Lessor.

CONDITION UPON TERMINATION

4. Lessee will, at the expiration or sooner termination of the term, deliver up the Demised Premises in the same condition they were in at the beginning of the tenancy, reasonable wear and tear, and such damage as cannot be attributed to the carelessness or neglect of the Lessee, its employees, agents or invitees excepted.

REPAIRS

5.1 Lessee shall give to Lessor prompt written notice of any accidents or damage to, or defects in, the pier, the access road, the parking area, or electric lights.

5.2 Except as otherwise provided in Section 8.1 of this Agreement, the Lessee is to make only such repairs to the Demised Premises as are caused by the carelessness or negligence of the Lessee, its agents, employees or invitees and shall keep the Demised Premises in reasonably good condition during the period of the lease.

5.3 Except as otherwise provided in Sections 5.2 and 8.1 of this Agreement, all other repairs to the Demised Premises no matter how caused are to be made and paid for by the Lessor, including any costs incurred and associated with the movement of Lessee's machinery, equipment, furniture and fixtures, if such moving is required to make the repairs.

ALTERATIONS & IMPROVEMENTS

6.1 Lessor may plant additional trees and do other landscaping in the leased area as long as the work does not impact or limit in any way the area available for Lessee's parking or other use of the Demised Premises.

6.2 Lessee shall not make any alterations, additions, or improvements without Lessor's written consent which consent shall not be unreasonably withheld and all alterations, additions or improvements made by either of the parties hereto upon the Demised Premises shall be the property of the Lessor and shall remain upon and be surrendered with the Demised Premises at the termination of this Lease, provided, however, that the Lessee shall have the privilege of installing any signs, furniture, temporary storage structures, fixtures, or machinery necessary in the conduct of its business and these same shall remain the property of the said Lessee, and may be removed by the Lessee during its tenancy.

6.3 Lessee may install such signs and temporary storage structures as it wishes within the Demised Premises without permission to do so from the Lessor. Lessee may also install such signs outside of the Demised Premises at locations and of such size as the Lessor may approve.

6.4 Lessee may install lines or special wiring for telephones and other electronic or communications equipment necessary in the conduct of its business and these same shall remain the property of the said Lessee, and may be realigned, maintained or removed at the sole option of the said Lessee during its tenancy or upon expiration or termination of this Lease.

DESTRUCTION OF THE PREMISES

7. If during the term of this Lease the pier or parking area are so injured by fire, flood, ice, wind, or otherwise that the Demised Premises are rendered substantially unfit for use by the Lessee and the Lessor has not, within sixty (60) days from the happening of such injury, initiated substantial steps to repair or replace the damaged facilities, then the Lessee shall have the option to declare this Lease void from the date of such injury. In such cases, Lessee shall pay the rent apportioned to the time of injury and shall surrender to the Lessor, who may enter upon and repossess the Demised Premises. If Lessee, in its sole discretion, does not declare this Lease to be void, then no Rent shall be due or be paid during the period the Demised Premises are substantially unfit for use by Lessee.

UTILITIES & OTHER SERVICES

8.1 Lessee shall be responsible for providing routine maintenance of the parking and driveway areas, and the pier.

8.2 Lessor guarantees that the Demised Premises shall continually have electricity and telephone access available for use by Lessee.

8.3 Utilities, services, materials and supplies shall be provided and paid as follows:

	Provided By	Paid By
8.3.1 Electricity	<u>Lessee</u>	<u>Lessee</u>
8.3.2 Telephone	<u>Lessee</u>	<u>Lessee</u>
8.3.3 Snow Removal	<u>Lessee</u>	<u>Lessee</u>
8.3.4 Grass Cutting	<u>Lessee</u>	<u>Lessee</u>

8.4 Lessor shall not be liable for any failure to supply utilities or services not due to negligence on the Lessor's part.

HOLDING OVER

9. This Lease and the tenancy hereby created shall cease and terminate at the end of the above term, or any renewal term, without the necessity of any further notice from either the Lessor or the Lessee to terminate the same and the continued occupancy of the Demised Premises by the Lessee after the expiration of said term shall not operate to renew the said Lease for said term or any part thereof or render the Lessee liable for double rent. Notwithstanding the foregoing, the Lessee reserves the absolute right to hold over for a period not to exceed one (1) year. In the event of such holding over by the Lessee, the Lessee shall be and remain liable to the Lessor for rent for the Demised Premises for the time the same are actually occupied by the Lessee, said rent to be at the monthly rate required of Lessee during the immediate preceding term prior to the beginning of the holdover period, plus fifty dollars (\$50.00); but nothing herein shall confer upon the Lessee any right to remain on the Demised Premises beyond one (1) year after termination, except with the consent of the Lessor.

WAIVER

10. The waiver at any time by the Lessor or the Lessee of any particular covenant or condition of the Lease shall extend to the particular case only, 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 whatever.

INVALIDITY OF TERMS OR PROVISIONS

11. If any term or provision of this Agreement & Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement & Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force.

RULES AND REGULATIONS

12.1 Lessor covenants that the annual rent does not exceed fifteen per cent (15%) of the fair market value of the Demised Premises at the date of the Lease.

12.2 The Lessor guarantees that the Demised Premises comply in all respects with (a) the Maryland Building Performance Standards of the Annotated Code of Maryland, Article 83B, Title 6, Subtitle 4; (b) The Americans with Disabilities Act of 1990 (42 United States Code, Section 12101 et seq.); and (c) the Occupational Safety and Health Standards of the State of

Maryland and the United States, including but not limited to the presence of friable asbestos or other hazardous materials or chemicals.

12.3 Should either the Lessor or Lessee be cited for any non-compliance or violation of any Act, Code or standards set forth in paragraph 12.2 the Lessor shall at its own expense by the date specified by such citation, correct all violations which are not specifically concerned with the placement or physical characteristics of the Lessee's temporary storage structures or equipment or which are not directly attributable to the intentional or negligent acts or omissions of the Lessee, its employees, or invitees.

12.4 Any violations cited which are specifically concerned with the placement or physical characteristics of the Lessee's temporary storage structures or equipment or which are directly attributable to the intentional or negligent acts or omissions of the Lessee, its employees, or invitees, shall be corrected by the Lessee by the date specified in the citation. The Lessor shall not withhold permission for the moving of any temporary storage structures or equipment owned by Lessee for which, under the provisions of this Lease, the Lessor has reserved the right to direct placement if the original placement is cited as a violation of the above act, but the Lessor may, for such temporary storage structures or equipment, direct the new location.

CONTACTS

13.1 For inquiries concerning the performance of the Lessee's obligations under this Lease, Lessor shall contact Lessee's Manager at the Hart-Miller Island Dredged Material Containment Facility.

13.2 For inquiries concerning interpretation or modification of the Lease and inspection of the Demised Premises, Lessor shall contact Lessee's Procurement Officer at the Maryland Environmental Service.

RIGHT OF FIRST REFUSAL

14. During the term of this Lease and any renewal period, Lessor hereby agrees not to transfer any interest in the Demised Premises to any party without first offering the Demised Premises to the Lessee for purchase. However, Lessor may transfer all or a portion of the interest in the Demised Premises to the children of Patricia Klutz, but no others, without triggering Lessee's right of first refusal. If Lessor transfers all or a portion of the interest to the children, then the children may not transfer their interest in the Demised Premises without first offering the property to the Lessee for purchase. The Lessee will have 30 days to inform the Lessor of intentions to acquire the Demised Premises, and the parties will have an additional 180 days to negotiate a purchase price and other terms.

INSURANCE REQUIREMENTS AND INDEMNIFICATION

15.1 Lessor agrees to indemnify, protect and save harmless MES, MPA, and the State of Maryland, and their respective agents and employees, from and against all suits, actions, claims, demands, damages, losses, expenses and costs of every kind and description to which MES, MPA, and the State of Maryland, and their respective agents and employees may be subjected by reason of injury to or death of persons or by reason of injury or damage to, or destruction of property of any person, firm or corporation whatsoever (including the parties hereto and their respective officers, agents or employees) in any manner due to, growing out of or connected with the ownership and use of the premises by Lessor, its agents, employees, contractors, sub-contractors, invitees and licensees, unless caused solely by the negligence of MES, MPA, and the State of Maryland, and their respective agents and employees, regardless of whether such suits, actions, demands, damages, losses, costs and expenses be against or sustained by MES, MPA, and the State of Maryland, and their respective agents and employees or be against or sustained by others to whom MES, MPA, and the State of Maryland, and their respective agents and employees, may become liable.

15.2 Lessor shall also maintain at its expense, liability insurance in a form acceptable to Lessee with minimum limits of five hundred thousand dollars (\$500,000) per occurrence and two million dollars (\$2,000,000) per aggregate for bodily injury and property damage for the protection of Lessee and Lessor against any claims, suits, demands, or judgments by reason of personal injury including death and for any claims of damage to property occurring on or in proximity to the Demised Premises or in any manner arising out of or in proximity to the Demised Premises or in any manner arising out of or as a result of the ownership and use thereof by Lessor. MES shall be named as Additional Insured under said insurance and Certificates of Insurance shall be forwarded to MES' Procurement Offices providing proof of coverage.

15.3 Nothing contained herein shall require Lessee to insure against or be liable for any loss occasioned by fire or other casualty to the Demised Premises or any tangible personal property or fixtures of Lessor, its agents or employees, assignees, sublessees, bailors or invitees or of any other person, firm or corporation upon any part of the Demised Premises.

15.4 No provision or requirement of this section shall be construed as a waiver of any immunity possessed by MES, MPA, and the State of Maryland, and their respective agents and employees.

TAXES

16. Lessor will promptly pay all the property and other taxes on the Demised Premises.

LIENS

17. Lessor shall keep the Demised Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said Premises by Lessee. At Lessee's request, Lessor shall furnish Lessee with written proof of payment of any item which would or might constitute the basis for such a lien on the Demised Premises if not paid.

NON-HIRING OF EMPLOYEES

18. No employee of the State of Maryland, or any Unit thereof, whose duties as such employee include matters relating to or affecting the subject matter of this Lease, shall, while so employed, become or be an employee of the party or parties hereby contracting with the State of Maryland, or any Unit thereof.

CLAIMS BY LESSOR

19. Except as expressly provided herein, this Lease shall not be subject to the provisions of State Finance and Procurement Article, Title 15, Subtitle 2, Annotated Code of Maryland or COMAR 21.10 (Administrative and Civil Remedies). Pending a resolution of a claim, the Lessor shall proceed diligently with the performance of the Lease in accordance with MES' Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or this Lease, the Lessor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Lease, the Lessor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

MARYLAND LAW

20. The provisions of this Lease shall be governed by the laws of the State of Maryland and the parties hereby expressly agree that the courts of the State of Maryland shall have jurisdiction to decide any question arising hereunder after all the above administrative remedies have been exhausted.

RESIDENT AGENT

21. Lessor hereby appoints as its agent for receipt of process in any such action the following individual or corporation located in Baltimore county at the address given:

John Q. Kluttz, III
Southworth's Marina, Inc.
P.O. Box 18045
Baltimore, Maryland 21220

In the event that said resident agent leaves the given address without supplying a new address in Baltimore County, and Lessor has not nominated a new such agent, the Secretary of the State of Maryland shall be the resident agent for service of papers and the sole duty of his office shall be to forward the papers to Lessee by mail post to the address given in the introductory paragraph above, in the ordinary course.

NON-DISCRIMINATION

22. The Lessor agrees: (a) not to discriminate in any manner against any employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental disability unrelated in nature and extent so as reasonably to preclude the performance of such employment; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places, available to employees and applicants for employment, notices setting forth the substance of this clause.

PROHIBITION AGAINST CONTINGENT FEES

23. The Lessor warrants that it has not employed or retained any person, partnership, corporation, brokerage, or other entity, other than a bona fide employee or agent working for the Lessor, to solicit or secure this Lease, and that it has not paid or agreed to pay any person, partnership, corporation, brokerage, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of this Lease.

TERMINATION

24.1 If the Lessor fails to fulfill its obligations under this Lease properly and on time, or otherwise violates any provision of this Lease, the Lessee may terminate this Lease by written notice to the Lessor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Lessor shall, at the Lessee's option, become the Lessee's property. The Lessee shall pay the Lessor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Lessor's breach. If the damages are more than the compensation payable to Lessor, the Lessor shall remain liable after termination and the Lessee can affirmatively collect such damages.

24.2 This Lease may be terminated by the Lessee in accordance with this clause, in whole, or from time to time in part, whenever the Lessee shall determine that such termination is in the best interest of the Lessee. The Lessee will pay all reasonable costs associated with this Lease that the Lessor has incurred up to the date of termination and all reasonable costs associated with termination of the Lease. However, the Lessor shall not be reimbursed for any anticipatory rentals, expense, or profits which have not been earned up to the date of termination.

MISCELLANEOUS

25. The Procurement Officer unilaterally may order the Lessor in writing to suspend, delay or interrupt all or any part of the work for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the Lessee.

26. The Lessor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article, of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its Units during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases, or agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

27. The Lessor shall comply with the provisions of Article 33, Sections 30-1 through 30-4 of the Annotated Code of Maryland, which require that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its Units, or a political subdivision of the State, during a calendar year under which the person receives in the aggregate \$10,000 or more, shall, on or before February 1 of the following year, file with the Secretary of State of Maryland certain specified information to include disclosure of political contributions in excess of \$100 to a candidate for elective office in any primary or general election.

28. The Lessor shall retain and maintain all records and documents relating to this Lease for three years after final payment by the Lessee hereunder or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State of Maryland, including the Procurement Officer or designee, at all reasonable times.

29. The Lessor hereby represents and warrants that:

A. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;

B. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or Unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Lease.

C. It shall comply with all federal, state and local laws, regulations, and ordinances applicable to its activities and obligations under this Lease; and

D. It shall obtain at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Lease.

30. This Lease contains, in writing, the full and complete understanding of the parties and the parties stipulate that there are no oral terms of this Lease.

31. This Lease may be amended, but only in writing, signed and executed with all formalities and signatures with which this Lease is signed and executed.

IN WITNESS WHEREOF, the parties hereto for themselves, their successors and assigns have set their hand and seal on the day and year first above written.

ATTEST:

LESSOR: SOUTHWORTH'S MARINA, INC.


Patricia Lee Southworth Kluttz (SEAL)

ATTEST:

LESSEE: MARYLAND ENVIRONMENTAL SERVICE


James W. Peck, Director (SEAL)

This Lease is hereby approved for Form and Legal sufficiency by Sean Coleman, Esq., Assistant Attorney General, on the 27th day of July, 1998.


Sean Coleman

BID/PROPOSAL AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the [title] _____

and the duly authorized representative of [business] _____

and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, or any of its employees directly involved in obtaining or performing contracts with public bodies (as is defined in Section 16-101(f) of the State Finance and Procurement Article of the Annotated Code of Maryland), has been convicted of, or has had probation before judgment imposed pursuant to Article 27, Section 6-1 of the Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, **except as follows** [indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business]:

C. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, or any of its employees directly involved in obtaining or performing contracts with public bodies, has:

(a) been convicted under state or federal statute of a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract, fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;

(b) been convicted of any criminal violation of a state or federal antitrust statute;

(c) been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §§ 1961, et seq., or the Mail Fraud Act, 18 U.S.C. §§ 1341, et seq., for acts arising out of the submission of bids or proposals for a public or private contract;

(d) been convicted of a violation of the State Minority Business Enterprise Law, Section 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(e) been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (a), (b), (c), or (d) above;

(f) been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(g) admitted in writing or under oath, during the course of an official investigation or other proceeding, acts or omissions that would constitute grounds for conviction or liability under any law or statute described above, **except as follows** [indicate reasons why the affirmation cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment]:

D. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, or any of its employees directly involved in obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, **except as follows** [list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds for the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds for the debarment or suspension]:

E. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

1. The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

2. The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, **except as follows** [indicate the reason(s) why the affirmations cannot be given without qualification]:

F. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended

under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases or real property, or construction.

G. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

1. Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted:

2. In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

H. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

I. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with Article 33, Sections 30-1 through 30-4 of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases,

or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Administrative Board of Election Laws a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

J. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

1. Terms defined in COMAR 21.11.08 shall have the same meaning when used in this certification.

2. By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;

(d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

(i) The dangers of drug and alcohol abuse in the workplace;

(ii) The business' policy of maintaining a drug and alcohol free workplace;

(iii) any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and

(iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace:

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by § 2(b). above:

(h) Notify its employees in the statement required by § 2(b). above, that as a condition of continued employment on the contract, the employee shall:

(i) Abide by the terms of the statement; and

(ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the work- place not later than 5 days after a conviction:

(i) Notify the procurement officer within 10 days after receiving notice under § 2(h) (ii), above or otherwise receiving actual notice of a conviction:

(j) Within 30 days after receiving notice under § 2 (h) (ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

(i) Take appropriate personnel action against an employee, up to and including termination; or

(ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of § 2 (a)-(j), above.

3. If the business is an individual, the individual shall certify and agree as set forth in § 4, below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

4. I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification:

(b) The violation of the provisions of, COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under, COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.06.

K. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

For services, supplies, or equipment delivered to a Maryland Environmental Service project located outside the State of Maryland, completion of affirmation K.1 is not required. However, the contractor must comply with applicable corporate registration requirements.

I FURTHER AFFIRM THAT:

1. The business named above is a domestic (_____) foreign (_____) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is:

Name: _____

Address: _____

[If not applicable, so state].

2. Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Economic and Employment Development, as applicable and will have paid all withholding taxes due the State of Maryland prior to final settlement.

L. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the business, to solicit or secure the contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of the contract.

M. ACKNOWLEDGMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify, or waive, on behalf of the State of Maryland or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms, and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Date: _____

By: _____

Authorized Representative and Affiant

CONTRACT AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the [title] _____

and the duly authorized representative of (business) _____

and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

For services, supplies, or equipment delivered to a Maryland Environmental Service project location outside the State of Maryland, completion of affirmation K.1. is not required. However, the contractor must comply with applicable corporate registration requirements.

I FURTHER AFFIRM THAT:

1. The business named above is a domestic (_____), foreign (_____) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports together with filing fees, with the Maryland State Department of Assessments and Taxation and that the name and address of the resident agent filed with the State Department of Assessments and Taxation is:

Name: _____

Address: _____

2. Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the

MARYLAND ENVIRONMENTAL SERVICE

SAMPLE SERVICE CONTRACT

(I.D. No:)

THIS CONTRACT, entered into this _____ day of _____, 2002, by and between the

STATE OF MARYLAND
MARYLAND ENVIRONMENTAL SERVICE
2011 Commerce Park Drive
Annapolis, Maryland 21401
hereinafter ("Service")

and

hereinafter ("Contractor");

WHEREAS, the Service has chosen the Contractor, and the Contractor has agreed to perform the work herein and be bound by the terms of this Contract;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained be it agreed by and between the parties hereto as follows:

ARTICLE I - SCOPE OF WORK

The general objective of this Contract is that the Contractor shall _____

To this end, the Contractor agrees to carry out the work described in the Invitation for Bids, Request for Proposals, or Scope of Work, which is attached hereto and expressly incorporated and made a part of this Contract herein.

ARTICLE II - COMPENSATION AND METHOD OF PAYMENT

The services set forth above shall be performed during the term of the Contract as stated herein for:

The Contractor shall submit monthly billings for all costs expended in the performance of this Contract in accordance with the Payment Schedule attached hereto. A standard billing format

**MES SERVICE CONTRACT
CONTRACTOR
CONTRACT NO.**

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shall be followed including, but not limited to, the Contractor's Federal Tax Identification Number of _____, or a Social Security Number of _____ and the Contract Identifying Number set out above. A cost accounting practice will be followed in accordance with COMAR 21.09, and uniform practices of the profession as acceptable to the Service.

ARTICLE III - TERM

The term of this Contract shall be from _____ through _____. No work may be initiated under this Contract until the Contractor has been instructed to proceed by the Service.

ARTICLE IV - CONTRACT REPRESENTATIVES

The following individuals are designated as Contract Representatives for their respective parties (name and address):

Service

**2011 Commerce Park Drive
Annapolis, Maryland 21401**

Phone

410-974-

Contractor

Phone

The scope of authority of the designated Contract Representatives to act for their respective parties is set forth in Article V of the Service's General Conditions which is attached and expressly made a part of this Contract in accordance with Article V.

ARTICLE V - GENERAL CONDITIONS

The conditions contained in Maryland Environmental Service, General Conditions, Service Contracts (Rev. 8/01), are expressly incorporated and made a part of this Contract herein.

Employment Security Administration, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

C. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgments contained in that certain Bid / Proposal Affidavit dated _____, 20____, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Date: _____

By: _____

Authorized Representative
and Affiant

**MES SERVICE CONTRACT
CONTRACTOR
CONTRACT NO.**

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ARTICLE VI - MERGER

This Contract embodies the whole agreement of the parties. There are no promises, terms, conditions, or obligations referring to the subject matter, other than those contained herein or incorporated herein by reference.

IN WITNESS WHEREOF, the parties have executed this Contract, I.D. No. _____, by causing the same to be signed on the day and year first above written.

CONTRACTOR

WITNESS

BY _____

Name: _____

Title: _____

**STATE OF MARYLAND
MARYLAND ENVIRONMENTAL SERVICE**

WITNESS

BY _____

**JAMES W. PECK
DIRECTOR**

Approved as to form and legal
sufficiency this _____ day of
_____, 2002.

Assistant Attorney General

STATE OF MARYLAND
NOTICE TO VENDORS/CONTRACTORS

In order to help us improve the quality of State solicitations, and make our procurement process more responsive and business-friendly, we ask that you take a few minutes and provide comments and suggestions regarding this solicitation. Please return your comments with your bid or proposal (or no bid), as the case may be. Thank you for your assistance.

Bid/Proposal Number: _____, entitled: _____

I. If you have responded with a no bid, please indicate the reason below:

- Other commitments preclude our participation at this time.
- The subject of the contract is not something we normally provide.
- We are inexperienced in the work/commodities required.
- The specifications are either unclear or too restrictive. (Please explain in remarks section.)
- The scope of work is beyond our current capacity.
- Doing business with government is simply too complicated.
- We cannot be competitive. (Please explain in remarks section.)
- Time for completion is insufficient.
- Bonding/insurance requirements are prohibitive. (Please explain in remarks section.)
- Bid/proposal requirements, other than specifications, are unreasonable or too risky. (Please explain in remarks section.)
- Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. (Please explain in remarks section.)
- Other: _____

II. If you have submitted a bid or proposal, but wish to offer suggestions or express concerns, please use the remarks section below. (Use the back for additional information.)

Remarks: _____

Vendor Name: _____ Date: _____

Contact: _____ Phone: (____) _____

Address: _____

THANK YOU!!!

MARYLAND ENVIRONMENTAL SERVICE

GENERAL CONDITIONS SERVICE CONTRACTS (REV. 8/01)

ARTICLE I - TERMS AND APPLICABILITY

This document sets out the provisions generally applicable to contracts for services, as defined below, and for consulting contracts involving technical research and analysis, with formal reporting of results to the Maryland Environmental Service. The provisions herein do not constitute a complete agreement, and must be appended to a document, executed by all parties, which identifies the specific work to be performed, compensation, term of the agreement, and special conditions, if any. This document and the Basic Agreement are intended to be complementary and shall be construed accordingly. However, should there be a direct contradiction between the terms and conditions contained herein and the Basic Agreement, then the Basic Agreement shall govern and control the Contract.

Specific terms used in this document have the following definitions:

(a) "**Basic Agreement**" means the executed document to which the General Conditions contained herein are appended and incorporated.

(b) "**Contract**" means the direct contractual relation between the Service and the Contractor including all terms and conditions contained herein and in the Basic Agreement.

(c) "**Contractor**" means the person, firm, corporation or other entity obligated to perform services for the Service under this Contract.

(d) "**The Service**" means the Maryland Environmental Service.

(e) "**Services**" means the rendering of time, effort, or work, rather than the furnishing of a specific physical product other than reports incidental to the required performance. It includes, but is not limited to, the professional, personal, and/or contractual services provided by architects, engineers, attorneys, accountants, physicians, consultants, appraisers, land surveyors, or where the service is associated with the provision of expertise or labor, or both; for example, property management, janitorial, security, waste disposal, pest control, environmental control, trash removal, window cleaning, computer hardware and software, closed circuit television system, snow removal, energy audit and energy consultation, office equipment maintenance (typewriter, photocopy machine, calculators, etc.) hauling, construction management, or construction inspection services.

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(f) "Scope of Work" or "Work" refers to the specific contractual obligation of the Contractor, as identified in the Basic Agreement, Proposal, or other work statement incorporated into the Contract.

ARTICLE II - EXEMPTION FROM STATE PROCUREMENT CODE

(a) The Contractor is hereby put on notice that the Service is generally exempt from the provisions of Division II of the State Finance and Procurement Article of the Annotated Code of Maryland. However, the Service is not exempt from Titles 14, 16 and 17 of that Article. Except as specifically provided in this Contract and under State law, the provisions of Division II and the regulations adopted under authority contained in Division II do not apply. In particular, the Maryland State Board of Contract Appeals does not have jurisdiction over disputes arising out of any aspect of this Contract, including, but not limited to, disputes relating to the formation, award, performance, breach, modification or termination of this Contract, or disputes relating to the qualification or selection of bidders or offerors.

(b) The Service will enforce, and the Contractor agrees to abide by, Subtitle 3 of Title 14 of the State Finance and Procurement Article of the Annotated Code of Maryland (1988 vol. and as amended) and the regulations adopted pursuant to that Title. The aforesaid statute and regulations generally relate to purchases from minority businesses. In the event the provisions of the aforesaid statute or regulations conflict with the regulations of this Contract, then the statute or regulations shall govern.

ARTICLE III - INDEPENDENT CONTRACTOR

The Contractor is not an employee of the Service but is an independent contractor as that term is normally defined. The Contractor shall be responsible for providing all supplies and materials necessary for performance of all work under the Contract, and for withholding any taxes and Social Security payments due in relation to the Contract. The Contractor is not an agent of the Service or the State of Maryland, and cannot commit the Service or the State to any expenditure of funds, or enter into any contractual obligation on behalf of the Service or the State.

ARTICLE IV - CONTINGENT FEES

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the Contractor, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a

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bona fide employee, bona fide salesperson, or commercial selling agency, any fee or other consideration contingent on the making of this Contract.

ARTICLE V - CONTRACT REPRESENTATIVE

Unless otherwise specified in an addendum to this Contract, the Contractor's Contract Representative as identified in the Basic Agreement, shall be deemed to have authority to render any decision or take any action required under the Contract. The Service's Contract Representative, as identified in the Basic Agreement, is the person to be contacted by the Contractor for the purposes of communicating routine information, requesting assistance, or making routine inquiries with respect to the Contract. Unless otherwise specified by law or regulation or in an addendum to the Basic Agreement, the Service's Procurement Officer is the only official authorized to enter into or administer the Contract, to make determinations and findings with respect to the Contract, authorize changes to the Scope of Work, or issue Stop Work Orders.

Service of any notice required by the Contract shall be complete upon mailing of such notice, postage prepaid, to the appropriate Contract Representative at the address indicated in the Basic Agreement. If no Contract Representative is named, then the person executing the Contract for a party shall be the Contract Representative for purposes of notice.

ARTICLE VI - WARRANTY & GUARANTEES

The Contractor agrees to prosecute all work under this Contract continuously and diligently and to meet all milestones contained in the Scope of Work. The Contractor shall be responsible for the supervision and inspection of, and the technical accuracy and coordination of all data and work pursuant to this Contract, and shall produce a product meeting professional standards of quality and methodology.

ARTICLE VII - CONTRACT EQUIPMENT

All non-expendable equipment, including major equipment as defined in this Article, procured with any funds from this Contract, shall be Service property and shall be used primarily for work under this Contract. Prior written approval of the Service shall be required for use of said equipment on a non-interference basis, for other work of the Contractor. The Contractor shall use all effort to care for and maintain the equipment. Upon termination of this Contract, the Service shall determine what disposition shall be made of the equipment and shall so notify the Contractor within thirty (30) days. The Contractor shall report its acquisition of non-expendable equipment covered by this Contract to the Service annually. Non-expendable equipment is that which: (1) has

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a probable useful life in excess of one (1) year beyond the date of acquisition, and (2) costs at least \$100, either as an individual piece, or a group of pieces intended to be used together.

All items of Major Equipment to be procured with funds from this Contract shall be itemized in the budget of this Contract to the extent possible. "Major Equipment" shall be defined as any item of equipment costing Five Hundred Dollars (\$500.00) or more. Unless itemized in the budget approved by the Service, purchase of each item of Major Equipment shall require prior written approval of the Service.

ARTICLE VIII - MODIFICATIONS TO SCOPE OF WORK

The Service, by written direction to the Contractor, may make additions and changes within the general subject matter of this Contract. Within fifteen (15) days of receipt of a Notice of Change, the Contractor shall advise the Service of the effect, if any, such changes would have on budgeting, cost, delivery schedules, milestones or any other Contract provisions. If such effects are acceptable to the Service, the Service shall issue a Notice to Proceed With Changes, upon receipt of which, the Contractor shall immediately institute all such requested changes. Such directed additions or changes to the Scope of Work shall become part of the contractual obligation.

ARTICLE IX - RETENTION OF RECORDS - AUDIT

The Contractor shall retain and maintain all records and documents relating to this Contract three (3) years after final payment by the Service hereunder or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by an independent certified public accounting firm auditor selected by the service. All costs incurred by the auditor shall be borne by the Service.

The Service's auditor shall have the right, during usual business hours, to examine and audit all pertinent records of the Contractor to verify invoices submitted pursuant to this Contract.

ARTICLE X - PATENTS AND COPYRIGHTS

The Contractor agrees that the State of Maryland shall become the sole owner of any U.S. or foreign patent or patents either conceived or first actually reduced to practice in the course of performance under this Contract, or resulting from the scope of this Contract as delineated herein. The Contractor also agrees that the State of Maryland shall become the sole owner of any U.S. or foreign copyrights obtained on material conceived or first actually written in the course of

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performance under this Contract, or resulting from data or analyses conducted in relation thereto. The Contractor further agrees that it retains no ownership interest or rights in such patents or copyrights, and that it will faithfully and promptly execute and deliver any documents required to officially establish ownership of such in the name of the State of Maryland.

The Contractor shall have the duty to disclose to the Service any invention associated with or reduced to practice in the course of performance under this Contract. Furthermore, the Contractor agrees that, if at any time during the course of performance of this Contract, it should become aware of a potential conflict between the rights of the State of Maryland under this Contract, and those of any other party or entity, as to ownership of any patent or copyright interests developing in relation to said performance, then the Service shall be immediately notified of such conflict. In such a case, it is agreed and understood that the terms of this Contract may be adjusted to provide for an equitable relationship between monies expended hereunder in pursuant of such patent or copyright interests, and benefits to be obtained therefrom by the Service. This provision shall be construed as a material term of this Contract.

ARTICLE XI - RIGHTS IN DATA, PUBLIC DISCLOSURE

Unless otherwise specified by addendum to this Contract, the Contractor agrees that all reports, drawings, studies, specifications, estimates, maps, and computations prepared by or for it under the terms of this Contract shall be delivered to and become and remain the property of the Service upon termination or completion of the work. The Service shall have the absolute right to duplicate and use, for any purpose whatsoever, all or any part of the technical data which are to be delivered under this Contract.

The Contractor shall have the right to duplicate and use, for internal program purposes, all or any part of the technical data which are to be delivered under this Contract.

The Contractor shall notify the Service in advance of public disclosure of any information related to this Contract, unless such disclosure is compelled by legislative or judicial process. The Contractor shall in all cases submit to the Service three (3) copies of any scientific or technical paper, abstract, report or other vehicle pertaining in whole or in part to this Contract which the Contractor desires to publish, submit for publication, distribute or otherwise publicly disseminate. Such submission shall be made by the Contractor to the Service at least thirty (30) days prior to its planned initial public dissemination, disclosure, or submission for publication. The Contractor shall include in any such documents or vehicles of public disclosure a statement which acknowledges the Service, the specific programs therein, and the financial support provided by this Contract. Furthermore, upon receipt of a written request from the Service, the Contractor shall also

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provide a disclaimer stating that the contents of the aforesaid document or vehicle of public disclosure do not in any way reflect the views, opinions, or policies of the Service.

ARTICLE XII - INSURANCE

The Contractor shall at all times have and maintain Commercial General Liability with a combined limit for personal injury and property damage liability at One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, and Vehicle Liability Insurance with a combined limit for personal injury and property damage liability of Five Hundred Thousand Dollars (\$500,000) per occurrence and One Million Dollars (\$1,000,000) in the aggregate. Certificates of such insurance acknowledging the Hold Harmless Clause contained in this document shall be filed with the Service.

ARTICLE XIII - SUBLETTING OR ASSIGNING OF CONTRACTS

The benefits and obligations hereunder shall inure to and be binding upon the parties hereto and their respective successors, provided that the personnel of any such successor, whether such successor be an individual, a partnership or a corporation, is acceptable to the Service. The Contractor shall not hire consultants, sublet, sell, transfer, assign or otherwise dispose of this Contract in any portion thereof, or of its right, title or interest therein, without the prior written consent of the Service.

In the case of any subcontract, the Contractor agrees to bind the subcontractor and every subcontractor agrees to be bound by all terms of this Contract unless particular provisions are expressly waived, in writing, by the Service.

ARTICLE XIV - MARYLAND SAVED HARMLESS

The Contractor will be responsible for all damage to life and property due to its acts or omissions, or those of its agents, employees, or subcontractors, in connection with its performance under this Contract, and will be responsible for all work, both permanent and temporary, until all services or work under this Contract are declared accepted by the Service.

The Contractor to the extent of its available insurance, shall indemnify and save harmless and defend the Service, the State of Maryland and all of its officers and employees from all suits, actions, judgments, damages, losses or claims of any character, brought on account of any injuries or damage sustained by any person or property in consequence of any acts or omissions of the Contractor or any subcontractor, or their respective employees, agents, or representatives. This

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responsibility is not to be deemed as a waiver of any immunity which may exist in any action against the Service.

The exemption described in Article II of these General Conditions does not constitute an exemption from Title 12 of the State Government Article of the Annotated Code of Maryland.

ARTICLE XV - NON-DISCRIMINATION IN EMPLOYMENT

The Contractor agrees: (1) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment; (2) to include a provision similar to that contained in Subsection (1) above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (3) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

ARTICLE XVI - SANCTIONS UPON IMPROPER ACTS

In the event the Contractor, or any of its officers, partners, principals or employees, is convicted of a crime arising out of or in connection with the procurement, performance, or payment of this Contract, the Contract shall, in the discretion of the Service, be terminated without liability. Such sanction shall be applicable, as appropriate and in the discretion of the Service, to any conviction during, or after the expiration of, the term of the Contract.

ARTICLE XVII - NON-HIRING OF EMPLOYEES

No employee of the State of Maryland, or any department, commission, agency, or branch thereof, whose duties as such employee include matters relating to or affecting the subject matter of this Contract, shall, while such employee, become or be an employee of the party or parties hereby contracting with said State of Maryland or any unit thereof.

ARTICLE XVIII - DISPUTES

All disputes under this Contract, if not resolved by the parties, shall be resolved by courts of competent jurisdiction in the State of Maryland and in accordance with the laws of the State of Maryland.

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ARTICLE XIX - TERMINATION FOR DEFAULT

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the Service may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied on as cause for termination. All finished or unfinished supplies, services and plans provided by this Contractor, shall at the Service's option, become the Service's property. The Service shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of reasonable and actual damages caused by the Contractor's breach. If the amount of the reasonable and actual damages incurred by the Service are more than the compensation due to the Contractor, the Contractor will remain liable for the amount of excess damages. Contractor shall not be liable for the Service's consequential damages or for lost profits. The rights and remedies of the Service provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. If it is determined for any reason that the Contractor was not in default under the provisions of this Article, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Article XIX, TERMINATION FOR CONVENIENCE OF THE SERVICE.

ARTICLE XX - TERMINATION FOR CONVENIENCE OF THE SERVICE

The performance of work under this Contract may be terminated by the Service in accordance with this Article in whole, or from time to time in part, whenever the Service shall determine that such termination is in its best interest. Notice of Termination shall be in writing and shall be effective upon receipt. The Contractor will cease work under the Contract on the date and to the extent specified in the Notice of Termination. The Contractor agrees to take any action that may be necessary, or as the Service may direct, for the protection and preservation of the property related to this Contract which is in the possession of the Contractor and in which the Service has or may acquire an interest. The Service will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits not earned as of the date of termination.

ARTICLE XXI - SUSPENSION OF PERFORMANCE

The Service may, at any time, order in writing a temporary suspension in performance for a period of time it deems appropriate. An adjustment shall be made for any increase in the cost of performance of this Contract (excluding profit) caused by an unreasonable suspension or a

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suspension for an unreasonable length of time. Should an adjustment be necessary, the Contract shall be modified in writing accordingly. Any adjustment claimed by the Contractor under this Article must be presented in writing to the Service as soon as practicable after the termination of the suspension, but, not later than the date of final payment under the Contract.

ARTICLE XXII - POLITICAL CONTRIBUTION DISCLOSURE

The Contractor shall comply with Article 33, Sections 30-1 through 30-4 of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county, or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate \$100,000 or more, shall file with the State Administrative Board of Election Laws a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Administrative Board of Election Laws: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on : (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

ARTICLE XXIII - CENTURY COMPLIANCE WARRANTY

The Contractor warrants that the products, software, hardware, equipment or supplies provided, or systems developed (collectively, "the products"), under this Contract are century compliant. "Century compliant" means that the product:

1. Is able to process date data accurately - including date data century recognition, calculations that accommodate same century and multi-century formulas and date values (including leap year factors), and date interface values that reflect the century - when used either in a stand-alone configuration or in combination with other century compliant products used by the Service.
2. Will not abnormally terminate its function or provide or cause invalid or incorrect results due to incompatibility with the calendar year.

In addition to any other warranties applicable to this Contract or any remedies otherwise available to the Service, the Contractor agrees to promptly repair or replace any product furnished under this Contract that is not century compliant, upon notice by the Service. Nothing in this warranty shall be construed to limit any rights or remedies the Service may otherwise have under

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this Contract or any applicable law, with respect to (i) defects other than Year 2000 compliance, or (ii) non-century compliant products the Contractor furnished to the Service prior to the date of this Contract.

ARTICLE XXIV- EFFECTIVE DATE

It is understood and agreed by the parties hereto that this Contract and any modification thereof shall not become effective or enforceable until executed by the Service.

ARTICLE XXV - LAW APPLICABLE

This Contract shall be governed by the laws of the State of Maryland, and the parties hereby expressly agree that the courts of the State of Maryland shall have exclusive jurisdiction to decide any question arising hereunder.

The Contractor will observe and comply with all federal, State and local laws and ordinances that affect, in connection with this Contract, the work to be performed, those employed or engaged in connection therewith, any material or equipment used, or the conduct of the work itself; and will procure and bear the expense of all necessary licenses, permits, and insurance.

ARTICLE XXVI - SEVERABILITY

It is understood and agreed by the parties hereto that if any of these provisions shall contravene, or be invalid under, the laws of the particular state, county or jurisdiction where used, such contravention or invalidity shall not invalidate the whole agreement, but the Contract shall be construed as if not containing the particular provision or provisions held to be invalid in the said particular state, county, or jurisdiction, and the rights and obligations of the parties shall be construed and enforced accordingly.

Revised 8/01

APPROVED as to form and legal sufficiency

**Maryland Environmental Service
Office of the Attorney General**