

COUNTY COUNCIL OF ANNE ARUNDEL COUNTY, MARYLAND

Legislative Session 2024, Legislative Day No. 15

Bill No. 66-24

Introduced by Ms. Pickard, Chair
(by request of the County Executive)

By the County Council, July 15, 2024

Introduced and first read on July 15, 2024
Public Hearing set for and held on September 3, 2024
Public Hearing closed and bill AMENDED on September 16, 2024
Public Hearing on AMENDED bill set for and held on October 7, 2024
Bill Expires October 18, 2024

By Order: Kaley Schultze, Administrative Officer

A BILL ENTITLED

1 AN ORDINANCE concerning: Approval of the revised Amended and Restated Lease
2 between Anne Arundel County, Maryland and Wiley Bates School LLC
3

4 FOR the purpose of authorizing the revised Amended and Restated Lease of a portion of
5 County-owned property in Annapolis, Maryland, known and designated as Wiley H.
6 Bates High School, Smithville Street and South Villa Avenue, to Wiley Bates School
7 LLC.
8

9 WHEREAS, the County owns real property in Annapolis, Maryland, known and
10 designated as the Wiley H. Bates High School, and surrounding land located on
11 Smithville Street and South Villa Avenue (the “Property”); and
12

13 WHEREAS, County, as Landlord, and Bates School Limited Partnership, a
14 Maryland limited partnership, as tenant, entered into a Lease dated March 18, 2005,
15 as amended by a First Amendment to Lease dated December 10, 2015, and further
16 amended by a Second Amendment to Lease dated April 24, 2023, for a portion of
17 the Property, including housing for seniors with limited incomes, exhibit space, and
18 a memorial garden (“Leased Premises”); and
19

20 WHEREAS, the Lease, First Amendment, and Second Amendment, approved
21 pursuant to Bill Nos. 73-04, 120-15, 49-23, respectively, are collectively referred
22 to as the “Original Lease”; and

1 WHEREAS, Enterprise Community Development, Inc., a non-profit that provides
2 development services for affordable housing and community revitalization, desires
3 to renovate the senior housing improvements that are part of the Leased Premises,
4 and has formed Wiley Bates School LLC for that purpose; and
5

6 WHEREAS, to facilitate the proposed renovations to the senior housing
7 improvements, Bates School Limited Partnership, intends to assign its rights and
8 interest in the Original Lease to Wiley Bates School LLC, pursuant to an
9 Assignment and Assumption of Lease, and Wiley Bates School LLC desires, and
10 the County agrees, to amend and restate the Lease as set forth in the revised
11 Amended and Restated Lease Agreement, incorporated herein by reference as if
12 fully set forth; and
13

14 WHEREAS, the term of the revised Amended and Restated Lease commences upon
15 full execution of the revised Amended and Restated Lease and expires 99 years
16 thereafter; and
17

18 WHEREAS, § 8-3-301 of the County Code requires that certain leases of
19 County-owned property that specify a term, including renewal options, of three
20 years or more, be approved by ordinance of the County Council; now, therefore,
21

22 SECTION 1. *Be it enacted by the County Council of Anne Arundel County, Maryland,*
23 That the revised Amended and Restated Lease Agreement, which leases a portion of the
24 Property to Wiley Bates School LLC, is hereby approved.
25

26 SECTION 2. *And be it further enacted,* That the revised Amended and Restated Lease
27 Agreement is incorporated herein by reference as if fully set forth. A certified copy of the
28 revised Amended and Restated Lease Agreement shall be permanently kept on file with
29 the Administrative Officer to the County Council and the Office of Central Services.
30

31 SECTION 3. *And be it further enacted,* That this Ordinance shall take effect 45 days
32 from the date it becomes law.

AMENDMENTS ADOPTED: September 16, 2024

READ AND PASSED this 7th day of October, 2024

By Order:



Kaley Schultze
Administrative Officer

PRESENTED to the County Executive for his approval this 8th day of October, 2024

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Kaley Schultze
Administrative Officer

APPROVED AND ENACTED this 18th day of October, 2024

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Steuart Pittman
County Executive

EFFECTIVE DATE: December 2, 2024

Bill No. 66-24

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**I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF
BILL NO. 66-24 THE ORIGINAL OF WHICH IS RETAINED IN THE FILES
OF THE COUNTY COUNCIL.**

A handwritten signature in black ink, appearing to read 'K. Schultze', with a long horizontal line extending to the right.

**Kaley Schultze
Administrative Officer**

AMENDED AND RESTATED LEASE
to
WILEY H. BATES HIGH SCHOOL RESIDENTIAL COMPONENT

THIS AMENDED AND RESTATED LEASE (this “Lease”) is made and entered into as of the ___ day of ___, 2024, (the “Effective Date”) by and between **ANNE ARUNDEL COUNTY, MARYLAND** (the “Landlord”), and **WILEY BATES SCHOOL LLC**, a Maryland limited liability company (the “Company”).

W I T N E S S E T H:

WHEREAS, the Landlord is the fee simple owner of the historically significant Wiley H. Bates High School (the “High School”) and surrounding land located on Smithville Street and South Villa Avenue in the City of Annapolis, Maryland (the “City”), which real property and improvements are more particularly depicted on an Administrative Plat and related notes recorded among the Land Records of Anne Arundel County in Plat Book 260, page 43, Plat Number 13569 (the “Premises”); and

WHEREAS, a portion of the Premises is subject to a perpetual preservation easement as evidenced by that certain Deed of Easement and Conditional Security Agreement, dated as of November 30, 1998, by and between the Landlord, as grantor, and the Maryland Historical Trust, an instrumentality of the State of Maryland, as grantee, recorded on January 5, 1999, in Book 8909, page 362, of the Land Records of Anne Arundel County, Maryland (the “Preservation Easement”), the terms of which are incorporated herein by reference; and

WHEREAS, the Bates School Limited Partnership, a Maryland Limited Partnership (the “Original Tenant”), entered into that certain Lease with the Landlord dated March 18, 2005, as amended by a certain First Amendment to Lease dated December 10, 2015 , and as further amended by a certain Second Amendment to Lease dated September 18, 2023 (as so amended, the “Original Lease”); and

WHEREAS, the Original Tenant has assigned its rights under the Original Lease, as amended, to the Company pursuant to that certain Assignment and Assumption of Lease dated on or about the date hereof, and attached hereto as Exhibit A; and

WHEREAS, Landlord and Company desire to amend and restate the Original Lease in its entirety and Landlord desires to grant the Company a lease for a portion of the Premises depicted and described on Lease Line Drawings and related notes dated March 15, 2005, recorded among the Land Records of Anne Arundel County, Maryland in Plat Book 268, pages 36-41, (hereinafter referred to as “Lease Line Drawings”), and as further described in Exhibit B attached hereto, on which the Company shall renovate and operate the Senior Housing Project, as hereinafter defined, upon the terms, covenants, conditions and easements set forth in this Lease; and

WHEREAS, the Company intends to finance the renovation of the Senior Housing Project using a mix of financing sources, including, but not limited to, low-income housing tax credits, a loan insured by U.S. Department of Housing and Urban Development Financing under Section

221(d)(4) of the National Housing Act, as further set forth by a certain lease addendum (“Lease Addendum”) in a form substantially similar to Exhibit C (attached hereto), Maryland Department of Housing and Community Development Rental Housing Works and Revitalization Program funds, and Community Development Administration MEEHA funds provided by Institutional Lenders, a Seller’s Note, and equity proceeds provided by the Investor; and

WHEREAS, pursuant to § 8-3-301 of the Anne Arundel County Code, formerly Article 10, § 3-301 of the Anne Arundel County Code, the Anne Arundel County Council in Bill No. 73-04 approved the Original Lease; and

WHEREAS, the Anne Arundel County Council approved the First Amendment to the Original Lease by Bill No. 120-15, and approved the Second Amendment to the Original Lease by Bill No. 49-23; and

NOW, THEREFORE, IN CONSIDERATION of the premises and of the mutual covenants and promises of the parties contained in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord and the Company agree as follows:

ARTICLE I

Definitions

The following words have the meanings indicated:

“Boys & Girls Club” means a recreational and educational facility managed by the Boys & Girls Clubs of Annapolis and Anne Arundel County, Inc. on a portion of the Remaining Premises pursuant to a lease between the Landlord and the Boys & Girls Clubs of Annapolis and Anne Arundel County, Inc.

“221(d)(4) Lender” or “Construction Lender” means M&T Bank, its successors and assigns.

“221(d)(4) Loan” or “Construction Loan” means the HUD-approved loan from the 221(d)(4) Lender for the purpose of providing construction financing that will convert to a Permanent Loan for the renovations of the Senior Housing Project.

“DHCD” means the Department of Housing and Community Development of the State of Maryland, its successors and assigns, whether acting directly or through the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development of the State of Maryland.

“DHCD Loans” means the loans from DHCD to the Company for the purpose of providing financing for the renovation of the Senior Housing Project.

“DHCD Loan Documents” means the DHCD Mortgage (as defined herein) and all other documents executed by the Company in connection with obtaining the DHCD Loans.

“DHCD Mortgage” means the Deeds of Trust, Security Agreement, and Assignments of Rents among the Company, the Landlord, and DHCD to be executed and recorded on the leasehold estate created hereunder, including the Senior Housing Project renovations, for the purpose of securing the DHCD Loans.

“Exhibit Space” means the existing official exhibit space honoring the history of the High School and Mr. Wiley H. Bates’ contributions to the local community.

“Exhibit Space Operator” means Wiley H. Bates Legacy Center, Inc., a Maryland nonprofit corporation and its successors and assigns.

“First Mortgage” means the Deeds of Trust, Security Agreements, Assignments of Rents, and other similar agreements between the Company and the Construction Lender and between the Company and the Permanent Lender, which will be recorded as the first priority lien on the leasehold estate created hereunder, including the Senior Housing Project improvements, for the purpose of securing the First Mortgage Loan.

“First Mortgage Loan” means (i) the Construction Loan during the period of construction and such period thereafter until the Permanent Loan is funded and (ii) the Permanent Loan thereafter.

“First Mortgage Loan Documents” means the First Mortgage and all other documents to be executed by the Company in connection with obtaining the First Mortgage Loan.

“Force Majeure” means and includes, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States, of the State, or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots; epidemics; landslides; lightning; earthquakes; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the person so affected, including, without limitation, the Company, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the person so affected and such person shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of such person, unfavorable to it.

“Institutional Lender” means any financial institution or public or quasi-public entity that regularly engages in the business of making loans for the construction, rehabilitation and/or permanent financing of residential real estate and is in the business of making mortgage loans, such as a bank, trust company, savings bank, insurance company, etc.

“Investor” means the equity investor admitted or to be admitted to the Company, and its successors and/or assigns.

“Lease Area” means that area leased to the Company pursuant to this Lease as depicted on the Lease Line Drawings as set forth herein as Exhibit B including without limitation the Senior Housing

Project, the Exhibit Space, and the Memorial Courtyard.

“LIHTC” means the Low-Income Housing Tax Credit program established pursuant to the Internal Revenue Code, 26 U.S.C. §42, as amended.

“Memorial Courtyard” means the courtyard space honoring the history of the High School and Mr. Wiley H. Bates’ contributions to the local community.

“Permanent Lender” means the 221(d)(4) Lender or other such Institutional Lender that provides a Permanent Loan for the Senior Housing Project following construction completion.

“Permanent Loan” means the 221(d)(4) Loan from the Permanent Lender for the purposes of providing long-term financing for the Senior Housing Project upon construction completion.

“Remaining Premises” means all other areas of the Premises not leased to the Company by the Landlord pursuant to this Lease.

“Senior Center” means a senior center and related site improvements owned and operated by the Landlord on a portion of the Remaining Premises.

“Senior Housing Project” means the improvements on the Premises consisting of seventy-one (71) units of affordable senior housing (the “Senior Housing”), and related site improvements, fixtures, and surrounding grounds that are being leased by the Landlord to the Company as depicted on the Lease Line Drawings.

ARTICLE II

Lease of Premises

2.1. **Lease of Premises.** The Landlord hereby leases to the Company, and the Company hereby leases from the Landlord, the Lease Area, including without limitation the Senior Housing Project, upon the terms, covenants, conditions and easements set forth in this Lease. The Original Lease is hereby amended and restated in its entirety by this Lease, and the Original Lease is void and of no further force or effect as of the Effective Date of this Lease, except as provided in the Assignment and Assumption Agreement dated on or about the date hereof, and attached hereto as Exhibit A.

2.2. **Term.** The term of this Lease (the “Term”) shall begin as of the Effective Date as agreed to between the Company, the Original Tenant, and the Landlord, and shall continue, subject to earlier termination as provided herein, until the ninety-ninth anniversary of the Effective Date (the “Termination Date”). Concurrently with the execution of this Lease, the Landlord and the Company shall execute a Memorandum of Ground Lease substantially similar to Exhibit D (attached hereto) to memorialize the Effective Date and the Termination Date.

2.3. **Ownership of Improvements.** As part of the Assignment and Assumption

Agreement dated on or about the date hereof, the Original Tenant assigns all right, title, interest in, and claim to all fixtures and improvements consisting of the Lease Area by or on behalf of the Original Tenant or the Company, and all personal property of the Original Tenant or the Company located on the Lease Area. Throughout the Term of this Lease, the Company shall be the owner of all fixtures and improvements on the Lease Area, including the Senior Housing Project now existing or in the future erected on the Lease Area by or on behalf of the Original Tenant or the Company, and all personal property of the Original Tenant or the Company located on the Lease Area. The Company will have the burdens and benefits of ownership for federal and state income tax purposes and will be entitled to all tax benefits including receipt of any low-income housing tax credits, and depreciation attributable to the Lease Area, including the Senior Housing Project during the term of this Lease. At the expiration or termination of this Lease:

(a) the Company shall have the right to remove the improvements erected on the Senior Housing Project, including all fixtures, and any improvements not so removed by the Company shall become the property of the Landlord;

(b) the Company shall have the right to remove personal property placed on the Senior Housing Project by the Company, and any personal property not so removed by the Company, shall become the sole property of the Landlord;

(c) the Company shall leave the Lease Area in good and serviceable condition, normal wear and tear excepted; and

(d) all interests in the Land shall revert to the Landlord.

2.4. **Limitations on Leasehold Estate.** In addition to any other rights of the Landlord contained or reserved in this Lease, or other limitations on the Company's leasehold estate, the Landlord's lease of the Lease Area, including without limitation the Senior Housing Project to the Company, and the Company's acceptance of the leasehold estate, is subject to the following:

(a) the right of the general public to use the sidewalk running along the Premises along South Villa Avenue and Smithville Street;

(b) the right of the general public to use the Memorial Courtyard during reasonable hours and to obtain access to the Memorial Courtyard on sidewalks on the Senior Housing Project;

(c) the right of the general public to use the Exhibit Space in accordance with the terms of a sublease between the Company and the Exhibit Space Operator or a Replacement Exhibit Space Operator in a form substantially similar to Exhibit E (attached hereto) and in accordance with Section 4.9 of this Lease, and to use the parking facilities on the Premises adjacent to South Villa Avenue designated by the Company for use by visitors to the Exhibit Space;

(d) the right of the Landlord and utility companies to install, improve, alter, maintain, repair and replace water, telephone, electric, gas, cable television and other utility lines and utility appurtenances in, on, under and through that part of the Senior Housing Project extending

from South Villa Avenue and Smithville Street into the High School; provided such actions do not limit or impair the ability of the Company to rehabilitate and operate the Senior Housing Project as intended herein;

(e) the right of the Landlord and other tenants of the Remaining Premises to use the Senior Housing Project as reasonably necessary to obtain ingress to and egress from the Remaining Premises and surrounding grounds (i) in the event of an emergency, and (ii) in order to undertake construction, improvements, alterations, maintenance, repairs and replacements in or on the Remaining Premises, provided such actions do not limit or impair the ability of the Company to rehabilitate and operate the Senior Housing Project as intended herein;

(f) the right of the Landlord and any other tenant of the Remaining Premises and their respective employees and agents to walk over and through, and drive motor vehicles on, roads and lanes within the Senior Housing Project at all reasonable times, for the purpose of ingress to and egress from the Remaining Premises and surrounding grounds (i) in cases of emergency, and (ii) in order to undertake construction, improvements, alterations, maintenance, repairs and replacements in or on the Remaining Premises, provided such actions do not limit or impair the ability of the Company to rehabilitate and operate the Senior Housing Project as intended herein;

(g) the location, terms and conditions of a Hiker-Biker Easement across the Premises granted to the City of Annapolis and recorded among the Land Records of Anne Arundel County in Liber 8957, page 567;

(h) the Preservation Easement and all other matters of record;

(i) the right of the Landlord to grant an easement to the City over that portion of the Senior Housing Project adjacent to Smithville Street as may be required for the City to create or maintain a prefabricated bus stop shelter and advertisements thereon. The terms of any easement granted by the Landlord to the City shall be subject to the approval of the Company, which approval shall not be unreasonably withheld;

(j) the right of the Landlord and utility companies to install, improve, alter, maintain, repair and replace utility lines and utility appurtenances within the area identified on the Lease Line Drawings, sheet 2; and

(k) any other reservation by Landlord depicted or described on the Lease Line Drawings.

ARTICLE III

Landlord Obligations

3.1. **Quiet Enjoyment.** As long as the Company keeps and performs all of its covenants and conditions under this Lease, it shall have during the Term quiet, undisturbed, and continued possession of the Senior Housing Project, free from all claims against the Landlord and all persons claiming under, by, or through the Landlord.

3.2. **Repair of Remaining Premises.** The Landlord shall repair and maintain, or shall cause other tenants of the Remaining Premises to repair and maintain, on a timely basis and in a good and workmanlike manner, the Remaining Premises if and when the failure to repair or maintain such areas would materially and adversely affect the use and enjoyment of the Senior Housing Project. The Landlord has no obligation to undertake any repair, maintenance or modification solely to allow the Company to obtain or maintain debt and equity financing for the Senior Housing Project improvements, including but not limited to, tax credits under LIHTC.

3.3. **Utility Construction.** The Landlord, at its own cost and expense, shall construct, or arrange for the construction, installation, or maintenance of utility structures and connections necessary to create and preserve all required new or increased public water and sewer capacity and service for the Premises.

3.4. **Utility Room.**

(a) The Landlord shall maintain the utility room, located on the Remaining Premises in approximately the location as shown on Exhibit B, wherein gas, electrical, water; telephone, cable television and other utility connections to serve all *uses* in the Premises will be housed (the "Utility Room"). In the Utility Room the Company shall be provided with space for the Company to install and maintain, at its sole cost and expense, a separate utility meter, a shut-off valve, and other connections required for maintenance of utilities servicing the Senior Housing Project, and the Company shall be granted access to the Utility Room for such purposes pursuant to an easement as set forth in Section 3.6 hereof.

(b) The Landlord covenants that it will maintain and repair, or cause the maintenance and repair of, in a proper and workmanlike manner, the utility connections in the Utility Room that are related to utilities servicing the Remaining Premises. If the Landlord's failure to maintain or repair, or cause the maintenance and repair of any such utility connections would materially and adversely interfere with the Company's utility connections, the Company shall have the right but not the obligation to perform, or cause to be performed, such maintenance and repair upon giving the Landlord ten (10) days' notice (except in case of emergency, as for which only attempted telephonic notice shall be required). The Landlord covenants that if it does not cure such failure before the expiration of the ten (10) day notice period (or immediately in case of emergency) and the Company subsequently performs such maintenance and repair, the Landlord shall reimburse the Company the reasonable cost and amount of such maintenance and repair, due thirty (30) days after presentation of an invoice from the Company.

3.5 **Improvements to the Premises and to Public Right of Way.** The Landlord shall be solely responsible for (i) resurfacing or maintaining the surface of Smithville Street and South Villa Avenue along the property lines of the High School adjoining the Senior Housing Project; (ii) providing a new or maintaining an existing 10-inch public water line from West Street to the High School property line, as required by the Landlord in its discretion; and (iii) providing a new or maintaining an existing 8-inch water line to the three water vaults to be set adjacent to the Utility Room, as required by the Landlord in its discretion. Such work shall be completed in accordance with the requirements of the City of Annapolis.

3.6. **Ingress and Egress: Easements.**

(a) The Landlord covenants that during the period of Company's renovation of the Senior Housing Project, the Landlord shall provide, and shall cause any other tenant of the Remaining Premises to provide, the Company, its employees and agents, the right, at all reasonable times, to walk over and through, and drive motor vehicles on, roads and lanes within, the Remaining Premises for the purpose of renovating the Senior Housing Project. Parking by the Company and its employees and agents shall be permitted on the Remaining Premises as necessary to accomplish the purpose of renovating the Senior Housing Project.

(b) Landlord shall provide the Company, its employees, agents, tenants, and guests with easements and a right of access as depicted on the Lease Line Drawings for the purpose of ingress to and egress from the Senior Housing Project and other areas within the Premises and for the purpose of renovating, improving, altering, repairing, using, operating, and maintaining the Senior Housing Project.

3.7 **Storm Drain, Water and Sanitary Sewer Maintenance.** Any storm water drains or foundation drain lines constructed by the Company on the Remaining Premises shall be maintained, repaired, and replaced by the Landlord. Sanitary sewer and water lines connecting the building to the public lines on the Premises shall be maintained, repaired, and replaced by the Landlord.

3.8. **Notice of Repairs or Major Events.**

(a) The Landlord shall give fifteen (15) days prior written notice to the Company (i) when any work will be performed on or at the Remaining Premises that may interfere with the daily operations of the Senior Housing Project, or (ii) when any major event will be held at the Remaining Premises that may interfere with the daily operations of the Senior Housing Project. In the case of emergency work that may interfere with the daily operations of the Senior Housing Project, only attempted telephonic notice will be required.

(b) The Landlord shall cause any leases entered into by it and any tenant of the Remaining Premises to require such tenant to give the same notice to the Company as are herein required of the Landlord under Section 3.8(a).

3.9. **Interior Access Limitations.** The Company, its agents, tenants, guests and invitees shall have access to the Remaining Premises as follows: the Company, its agents, tenants, guests and invitees will be granted access, limited to specific times of entry, to the Senior Center through controlled entrances with cameras, electronic key card mechanisms, and photo identification systems. Senior Center personnel, guests, and invitees, may have limited access to the Senior Housing Project through a secure door based on an electronic key card mechanism, but members, guests, and personnel of the Boys & Girls Club or other community use may not enter the Senior Housing Project except through the public entrance thereto. All access described herein must be approved generically by the respective parties in advance. Any lease or operating agreement or management agreement entered into between the Landlord and any other party with respect to the Senior Center shall expressly permit the access described herein and shall be binding upon any successors and assigns of the Senior Center.

3.10 **Additional Obligations for Improvements, Alterations, Maintenance, Repair and Replacement.** In addition to all other obligations imposed upon or assumed by the Landlord under this Lease, Landlord shall be responsible for all improvements, alterations, maintenance, repair and replacement to and for those areas of the interior and exterior of the High School that the Lease Line Drawings depict and describe as the Landlord's responsibility to undertake.

3.11 **Indemnification.** To the extent permitted by law, the Landlord shall defend, indemnify and hold harmless the Company and its agents, servants, officials and employees from and against any and all loss, damage, cost, expense or liability, including court costs and reasonable attorney's fees and expenses, in any way arising out of any acts or omissions on the part of the Landlord, its agents, servants, officers, employees, invitees, tenants, guests and invitees in the development of any portion of the Remaining Premises that remains in the possession and control of the Landlord or that is not leased to another tenant ("Landlord Premises"). This obligation shall survive any termination of this Lease.

ARTICLE IV

Company Obligations

4.1. **Rent.** Rent during the Term shall be One Dollar (\$1.00) per year (the "Rent"). The rent for the entire Term shall be paid in advance on the Effective Date.

4.2. **Net Lease.** All Rent shall be absolutely net to the Landlord, so that this Lease shall yield net to the Landlord the Rent. Accordingly, the Company shall pay all costs, expenses, and obligations of every kind or nature relating to the Senior Housing Project which may arise or become due during the Term (including, without limitation, any taxes or assessments on the Senior Housing Project or any payment-in-lieu-of-taxes due on the Senior Housing Project). The Company shall indemnify and hold harmless the Landlord from and against the payment of any such costs or expenses.

4.3. **Use of Premises.** The Lease Area shall be used by the Company for the renovation and operation of the Senior Housing Project and such other ancillary facilities as it deems necessary for the operation of the Senior Housing Project. The Senior Housing Project improvements are presently and shall at all times during the Term be the property of the Company.

4.4. **Compliance With Laws and Preservation Easement.** In its design, renovation, use and maintenance of the Senior Housing Project and the improvements on the Senior Housing Project, the Company shall comply with all applicable federal, State, County, and City laws and regulations and with the terms and conditions of the Preservation Easement. In particular, and without limitation, the Company shall comply in all respects with the zoning special exception approval granted by the City for the development and use of the Premises as an "Institution for the Care of the Aged," the Federal Fair Housing Act, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, Title 20 of the State Government Article of the Maryland Annotated Code, and any other laws that prohibit discrimination on the grounds of race, religion, color, national origin, sex, age, physical or mental handicap or disability, or any other class or characteristics protected by applicable law. The Company shall not refuse the lease of a Senior Housing unit to a

person who holds a Section 8 voucher or comparable document evidencing participation in a tenant-based housing assistance program.

4.5. Senior Housing Project Improvements.

(a) The Company shall be responsible for the renovation of the Senior Housing Project improvements, in accordance with the preliminary plans and specifications as set forth in Exhibit F (attached hereto) as updated by the final plans and specifications approved by the Landlord or its designee before the Effective Date, and in accordance with all other provisions of this Lease that govern the renovation of the Senior Housing Project. The renovations shall include, but are not limited to, replacement of or substantial improvements to kitchens, bathrooms, HVAC systems, water heaters, and flooring in the units and common areas in the Senior Housing Project. Substantial renovation of the Senior Housing Project improvements shall commence by December 1, 2025, and such renovation shall be completed (meaning that the architect has certified that the renovations are 100% complete) by December 31, 2027. Any changes to the plans and specifications agreed to by the Company and the Landlord, and any other plans and specifications applicable to the renovation of the Senior Housing Project shall be submitted to and approved by Landlord or the Landlord's designee prior to becoming effective. Upon approval by Landlord or the Landlord's designee, the Company shall renovate the Senior Housing Project improvements, in accordance with the plans and specifications as so revised.

(b) In relocating existing tenants during the renovation, the Company shall comply with the Wiley Bates Relocation Plan, which shall be in a form substantially similar to Exhibit G (attached hereto) and which shall be approved by the Landlord or its designee prior to the Effective Date. The Company shall follow all applicable state and federal laws, including applicable Uniform Relocation Assistance and Real Property Acquisition Act guidelines related to relocation of residents during federally-funded renovations.

(c) The Company shall be responsible for initiating, maintaining and supervising all safety precautions and programs with respect to construction of the Senior Housing Project renovations and improvements, in accordance with all applicable federal, State, County and City laws and regulations. Such duties shall include but not be limited to the construction and maintenance of all necessary safeguards for safety and precaution. During renovation of the Senior Housing Project improvements, the Company shall keep the Premises free of excessive trash and debris, which shall be placed in suitable containers and removed from the Premises promptly when filled, and shall minimize noise and other interference with the tenancies of Units that remain occupied during the renovations.

(d) The Company, at its expense, shall hire a roofing consultant, approved by the County, to inspect and ensure that any renovations to the Company's portion of the roof are constructed in accordance with the plans and specifications set forth in Exhibit F as approved by the Landlord or its designee. Failure of the Landlord to respond within 15 calendar days to a written request from the Company to approve the roofing consultant shall be deemed approval.

4.6. Utility Construction, Maintenance and Fees.

(a) Subject to Sections 3.3, 3.5 and 3.7, the Company shall, at its own cost and expense,

be solely responsible for the improvement, alteration, maintenance, repair, and replacement of all utility systems within the Senior Housing Project. All work performed in connection with the Company's foregoing responsibilities shall meet applicable City and County requirements. In addition, the Company shall be responsible at its own cost and expense for the improvement, alteration, maintenance, repair and replacement of all utility connections located in the Utility Room related to utilities servicing the Senior Housing Project and extending such utilities to the Senior Housing Project.

(b) The Company shall be responsible at its own cost and expense for extending electric service to the building as necessary, including installing all necessary conduits, transformer pads, duct banks and termination cabinets as shown on all plans and specifications. During the Term, the Company shall be responsible at its own cost and expense for all improvements, alterations, maintenance, repairs, and replacements of said electric service.

(c) The Company shall be responsible at its own cost and expense for extending and connecting gas, telephone, and cable television services to the building, as needed, as shown on all plans and specifications. During the Term, the Company shall be responsible at its own cost and expense for all improvements, alterations, maintenance, repairs, and replacement of said services.

(d) Utility connection fees shall be prorated between the Company and the Landlord as determined by the utility service providers.

4.7. **Notice of Repairs or Major Events.** The Company shall give fifteen (15) days prior written notice to the Landlord and any other tenants of the Remaining Premises (i) when any work will be performed on or about the Senior Housing Project that may interfere with the daily operations of the ongoing business of the Landlord or the other tenants of the Remaining Premises, or when any major event will be held on or about the Senior Housing Project that may interfere with the daily operations of the ongoing business of the Landlord or the other tenants of the Remaining Premises. In the event of emergency work that may interfere with the daily operations of the Landlord's or any other tenant's ongoing business, only attempted telephonic notice will be required.

4.8. **Memorial Courtyard.** The Company acknowledges that Landlord shall have no responsibility for the maintenance, repair or replacement of the Memorial Courtyard. Such maintenance, repair and replacement shall be the responsibility of the Company, which shall perform, or cause the performance of, such maintenance, repair, and replacement at its own cost and expense. The Company shall undertake all maintenance, repair, and replacement of the Memorial Courtyard in a clean and presentable manner consistent with generally accepted maintenance standards for public memorials composed of similar materials and landscaping, consistent with quality of maintenance standards generally prevalent for public facilities in the City of Annapolis' Historic District, and in a manner consistent with the requirements of the Preservation Easement and Section 5.2(e) of this Lease.

4.9. **Exhibit Space.**

(a) In the event that a sublease of the Exhibit Space expires or is terminated, the Company shall notify the Landlord within thirty (30) days of such termination or expiration.

Landlord shall then have the right to select a replacement tenant (the “Replacement Exhibit Space Operator”), subject to the consent of the Company, such consent not to be unreasonably withheld. If Landlord does not notify the Company of a Replacement Exhibit Space Operator within three hundred sixty (360) days of the date the Company gives notice of the termination of the lease, the Company shall have the right to select the subtenant for the Exhibit Space, subject to the prior written consent of the Landlord (such consent not to be unreasonably withheld), or to propose an alternative use for the Exhibit Space compatible with the Senior Housing Project and subject to the prior written consent of the Landlord, not to be unreasonably withheld.

(b) Any sublease for the Exhibit Space shall be on such reasonable terms and conditions as the Company may negotiate with the subtenant (subject to the approval of the Landlord and Investor, not to be unreasonably withheld), it being acknowledged by the parties that it is their goal for the Exhibit Space to be an official exhibit space honoring the history of the High School and Mr. Wiley H. Bates’ contributions to the local community. Notwithstanding the foregoing, any sublease for the Exhibit Space (i) shall not require the subtenant to pay more than One Dollar (\$1.00) per year rent except that it may require the subtenant to pay the actual direct costs and expenses of operating and maintaining the Exhibit Space, (ii) shall not unreasonably restrict the hours of operation of the Exhibit Space, and (iii) shall not unreasonably restrict the use, or require the subtenant to pay any rent, fee or charge for the use, of the Memorial Courtyard ancillary to the subtenant’s use of the Exhibit Space. The sublease shall include provisions allowing the subtenant, without additional charge or consideration, to store memorabilia and artifacts in the space designated as “mezzanine” on Exhibit C to the Original Lease.

4.10. **Emergency Generator.** The Company covenants that it shall provide, or cause to be provided, and, thereafter during the Term maintain, repair and replace at its expense, an emergency generator for the Senior Housing Project, which generator shall be made available by the Company to provide emergency lighting (i.e., lighting in corridors and other common areas) for the Remaining Premises and to provide power to a fire pump for the Senior Housing Project and the Remaining Premises in the event of public utility outages that cause the Senior Housing Project and the Remaining Premises to be without access to electricity. The Company shall not be required hereunder to use the emergency generator to provide electricity for uses other than emergency lighting and fire pump in any areas within the Remaining Premises.

4.11. **Trash and Refuse Facility.** The Company, at its own cost and expense, concurrently with the renovation of the Senior Housing Project, may improve the existing dumpster enclosure on the Remaining Premises in accordance with all plans and specifications approved by Landlord pursuant to Section 4.5 of this Lease. During the Term, the Company shall be responsible at its own cost and expense for improvements, alteration, maintenance, repairs and replacement of the dumpster enclosure and shall have the right to maintain within such enclosure a dumpster or other container exclusively for disposal and removal of trash and refuse from the Senior Housing Project. During the Term, the Landlord shall be responsible at its own cost and expense for improvements, alterations, maintenance, repairs and replacement of the access pad to the dumpster enclosure on the Remaining Premises.

4.12. **Signage.**

(a) The Company shall be responsible for maintaining, repairing, and replacing the common site signage installed on the Senior Housing Project site at the corner of Smithville Street and South Villa Avenue. The Landlord and the Company shall mutually agree to any future common site signage modifications.

(b) The Company shall be responsible for maintaining, repairing, and replacing the two Exhibit Space identification signs, one located at the Smithville Street entrance to the Memorial Courtyard, and one located at the main entrance to the Exhibit Space. The Landlord and the Company shall mutually agree to any future Exhibit Space signage modification.

(c) The Company shall be responsible for maintaining, repairing, and replacing the Senior Housing identification sign at the main entrance to the Senior Housing. The Landlord and the Company shall mutually agree to any future Senior Housing identification signage modifications.

4.13. **Access Control System.** The Company covenants that, at its sole cost and expense, it will maintain, repair, and replace the electronic access control system for the Senior Center to enable the Senior Center staff to monitor, record, and control internal access to the Senior Center from the Senior Housing Project. At a minimum, this access control system shall continue to be integrated with the Senior Housing Project's access control system, shall be installed at locations to be determined by the Landlord, and shall include a door entry access pad, three (3) CACTI cameras, monitor and all associated cabling and connections, as required for complete installation and operation. Any modifications to the system shall be approved by the Landlord.

4.14. **Fire Alarm System Maintenance.** The Company and Landlord agree that the Senior Housing Project and the Remaining Premises shall be served by a common fire alarm system maintained by a single fire alarm monitoring, servicing, and testing firm chosen by Landlord; provided the Landlord chooses any new provider by a competitive process and requires any such provider to establish an inclusive price to cover services to the Senior Housing Project and the Remaining Premises and offer pro rata pricing to Landlord, the Company and other tenants for services in accordance with the inclusive price. The Company agrees to hire and employ during the Term the same fire alarm monitoring, servicing, and testing firm that the Landlord hires and employs to provide fire alarm monitoring, servicing, and testing services for the Remaining Premises. The Company and the Landlord agree to maintain the separate billing accounts for the payment of fire alarm monitoring, servicing, testing, and replacement costs associated with the Senior Housing Project and Remaining Premises, respectively, on a pro rata basis applied to the inclusive price.

4.15. **Emergency Notification Systems.** In order to ensure that, in the event of emergency, residents of the Senior Housing Project have the ability to alert the Senior Housing Project management office or an outside monitoring facility, the Company, at its sole cost and expense, agrees to maintain, repair, and replace (i) an emergency call system that covers the entire Senior Housing Project and (ii) emergency pull cords or similar means of emergency notification in all bathrooms in all common areas and housing units in the Senior Housing Project.

4.16. **Payment of Taxes, Insurance Premiums and Utilities.** The Company covenants

duly and punctually to pay and discharge all taxes, payments-in-lieu-of-taxes, assessments, utility bills whether public or private, and other governmental or municipal dues, charges, levies and impositions, which are or may be imposed upon the Senior Housing Project together with all insurance premiums as provided in Sections 7.1 and 7.2 of this Lease. The Company shall pay all such taxes, payments-in-lieu-of-taxes, utility bills and insurance premiums of the Senior Housing Project before the same become delinquent or subject to interest or penalties, unless the same are being contested in good faith.

4.17. Reserve Funds for Replacements.

(a) The Company shall create and fund a Reserve Fund for replacements to provide funds for the replacement of all or portions of the Senior Housing Project required as a result of damage, destruction, deterioration or physical or functional obsolescence. The Reserve Fund shall be deposited with and maintained by the 221(d)(4) Lender or other Leasehold Mortgagee (as defined in Section 9.1(a) hereof), if the 221(d)(4) Loan documents or such other Leasehold Mortgagee's loan documents or the Investor require the establishment of such a Reserve Fund. If the 221(d)(4) Loan documents or such other Leasehold Mortgagee's loan documents or the Investor do not require the establishment of a Reserve Fund, the Reserve Fund shall be deposited with and maintained by the Landlord or its designee. If the Reserve Fund is deposited with and maintained with 221(d)(4) Lender or other Leasehold Mortgagee or a bank approved by the Investor, within six (6) months after the payment in full of all mortgage loans, any monies remaining in the Reserve Fund, including any investment income or gain, shall be deposited with the Landlord or its designee who in turn shall establish a Reserve Fund for the remainder of the Term. The Company then shall deposit monies to the Reserve Fund at such time or times and in such amounts as required by the Landlord or its designee. Within thirty (30) days after the termination of the Lease; any monies remaining in the Reserve Fund, including any investment income or gain, shall be paid to the Company. The Reserve Fund deposits shall be in the amounts and at the times required by 221(d)(4) Lender or any other Leasehold Mortgagee. If there is no 221(d)(4) Lender Loan or loan of another Leasehold Mortgagee, the deposits shall be in such amounts and at such times as DHCD requires for projects similar to the Senior Housing Project.

(b) Disbursements from the Reserve Fund for the purpose of replacing structural elements within the Senior Housing Project on the Lease Area may be made only after receiving the written direction or consent of the Landlord (such direction or consent not to be unreasonably withheld), unless such disbursements are approved by the Company's Leasehold Mortgagees or Investors and would not affect the Remaining Premises.

(c) If the Reserve Fund is deposited with and maintained by the Landlord or Landlord's designee pursuant to subsection (a) of this Section 4.17, in the event of an uncured default of the Company's performance of its obligations under this Lease the Landlord may apply or authorize the application of all or any portion of the balance of the Reserve Fund for payment of such amounts as may be necessary to cure the default. If any sums are paid out of or applied from the Reserve Fund for payments to cure any default in the Company's performance under this Lease, the Company promptly, but in no event later than thirty (30) days from the date of receipt of written notice from the Landlord stating the amount and purpose of such expenditures, shall pay into the Reserve Fund

an amount equal to the amount so paid or applied.

4.18. Historic Artifact Displays and Other Historical Features.

The Company agrees during the Term, at its sole cost and expense, to improve, maintain, further repair, and if needed replace the display case located in the main entrance to the Senior Housing Project improvements. The Company also agrees during the Term, at its sole cost and expense, to maintain, further repair, and if needed replace, the display case in the first floor east wing corridor of the Senior Housing Project improvements. The Company shall allow the Exhibit Space Operator to maintain in the display cases provided for in this Section 4.18, from time to time, displays relating to the historical and cultural heritage and context of the High School and the contributions of Mr. Wiley H. Bates to the community.

The Company agrees during the Term, at its sole cost and expense, to improve, maintain, further repair and replace, the components of the memorial plan as depicted on the plans and specifications, set forth in Exhibit C to the Original Lease.

4.19. Additional Obligations for Improvements, Alterations, Maintenance, Repair and Replacement. In addition to all other obligations imposed upon or assumed by the Company under this Lease, Company shall be responsible for all improvements, alterations, maintenance, repair and replacement to and for those areas of the Senior Housing Project.

4.20. Indemnification. Notwithstanding anything contained in this Lease to the contrary, so long as HUD, or HUD's successors or assigns, is the insurer or holder of a Construction or Permanent Loan to the Company, the Landlord agrees that the indemnification provided for in this Section 4.20 shall be limited to insurance proceeds and Surplus Cash as defined in the Regulatory Agreement that will be entered into between the Company and HUD, which shall be in a form substantially similar to Exhibit H hereto. The Company shall defend, indemnify and hold harmless the Landlord and any other tenant of the Remaining Premises and their respective agents, servants, officials and employees from and against any and all loss, damage, cost, expense or liability, including court costs and reasonable attorney's fees and expenses, in any way arising out of any acts or omissions on the part of the Company, its agents, servants, officers, employees, tenants, guests and invitees in the development, operation, maintenance, repair and replacement of the Senior Housing Project, except to the extent caused by the acts or omissions of Landlord or any other tenant of the Remaining Premises, their agents, servants, officers, or employees. This obligation shall survive any termination of this Lease.

ARTICLE V

Covenants, Representations and Warranties

5.1. Covenants, Representations and Warranties of Landlord.

(a) The Landlord covenants that any work undertaken with respect to the Remaining Premises will be accomplished so as not to violate the terms and conditions of the Preservation Easement and so as to at least meet the minimum requirements of The Secretary of the Interior's

Standards for Rehabilitation and the Maryland Historical Trust. Landlord in no way guarantees and has no obligation to make any repair or modifications to the Senior Housing Project solely to allow the Company to obtain or maintain debt and equity financing for the Senior Housing Project improvements, including but not limited to, tax credits under LIHTC, or to maintain any applicable tax credit. However, this does not eliminate any other obligation that the Landlord has assumed under this Lease.

(b) The Landlord represents and warrants that it has been duly authorized to execute and deliver this Lease, that all necessary approvals have been obtained, that its signature page has been validly executed and delivered, and that its obligations set forth herein constitute valid and binding obligations of the Landlord enforceable against it in accordance with their terms.

(c) The Landlord represents that it owns the Premises in fee simple.

(d) The Landlord covenants that during the design and construction of any improvements on the Remaining Premises, the Landlord shall maintain, or cause to be maintained, the work sites under its responsibility in a clean and safe manner, free of debris, and shall be solely responsible for trash removal and the implementation of safety precautions and programs within such work sites. All construction, repair or maintenance work to be done by the Landlord or its agents, employees, and independent contractors shall be performed in compliance with all safety, occupational, and other laws and regulations, and so as to minimize disruption to the Company's operations. The Landlord further covenants and agrees to require any tenant of the Remaining Premises to make the same covenants to the Landlord in any lease to be entered into between the Landlord and such tenant.

(e) The Landlord shall not (either with or without negligence) (i) cause or permit the storage, escape, disposal or release on or about the Premises of any "hazardous substance" or pollutant as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., in a manner that violates any federal, State, County, or City laws or regulations, or (ii) permit any tenant or occupant of the Remaining Premises to store, handle, or use such substances or materials, in either case in any manner that violates any federal, State, County, or City laws or regulations.

(f) The Landlord covenants and agrees that the Landlord will (i) keep the Remaining Premises and improvements thereon in a good state of condition and repair at its sole cost and expense, (ii) not suffer or permit any waste or neglect of the Remaining Premises, (iii) repair, replace, and renovate the Remaining Premises, when necessary, (iv) fulfill its responsibilities under this subsection (f) of this Section 5.1 in a manner that will attempt to preserve the historic, aesthetic and cultural character of the Remaining Premises, (v) will not substantially alter the appearance of the Remaining Premises or improvements thereon, and (vi) require any tenant of the Remaining Premises to make the same covenants to the Landlord in any lease to be entered into between the Landlord and such tenant.

(g) The Landlord covenants and agrees that the Landlord will obey and comply with all statutes, laws, ordinances, regulations, orders or other requirements of any governmental body exercising jurisdiction over the Remaining Premises or the use, condition, or occupancy of the

Remaining Premises, and will require any tenant of the Remaining Premises to make the same covenants to the Landlord in any lease to be entered into between the Landlord and such tenant.

(h) The Landlord covenants and agrees that the Landlord will obey and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, and permits applicable to the Remaining Premises, and will require any tenant of the Remaining Premises to make the same covenants to the Landlord in any lease to be entered into between the Landlord and such tenant.

5.2. Covenants, Representations and Warranties of Company.

(a) The Company covenants that any work undertaken with respect to the Senior Housing Project will be accomplished so as not to violate the terms and conditions of the Preservation Easement.

(b) The Company represents and warrants that it has been duly authorized to execute and deliver this Lease, that its signature page has been validly executed and delivered, and that its obligations set forth herein constitute valid and binding obligations of the Company enforceable against it in accordance with their terms.

(c) The Company covenants that during the design and renovation of any area on the Premises for which this Lease makes the Company responsible, the Company shall maintain, or cause to be maintained, the work sites under its responsibility in a clean and safe manner, free of debris, and shall be solely responsible for trash removal and the implementation of safety precautions and programs within such work sites. All construction, repair or maintenance work to be done by the Company or its agents, employees, and independent contractors shall be performed in compliance with all safety, occupational, and other laws and regulations, and so as to minimize disruption to the Landlord's operations.

(d) The Company shall not (either with or without negligence) (i) cause or permit the storage, escape, disposal or release of any "hazardous substance" or pollutant as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., in a manner that violates any federal, State, County or City laws or regulations, or (ii) permit any tenant or occupant of the Senior Housing Project to store, handle or use such substances or materials, in either case in any manner that violates any federal, State, County or City laws or regulations.

(e) The Company covenants and agrees that the Company will: keep the Senior Housing Project and related dumpster enclosure in a good state of condition and repair at its sole cost and expense; not suffer or permit any waste or neglect of the Senior Housing Project and related dumpster enclosure; repair, replace and renovate the Senior Housing Project and related dumpster enclosure when necessary; and, fulfill its responsibilities under this subsection (e) of this Section 5.2 in a manner that will preserve the historic, aesthetic, and cultural character of the Premises and will not substantially alter the appearance of the Senior Housing Project or improvements on the Premises; permit the Landlord or its designee to enter upon and inspect the Senior Housing Project and the improvements thereon at any reasonable time or times with reasonable verbal notice; not

undertake any structural alteration to, or tear down, the improvements on the Senior Housing Project, nor permit them to be structurally altered or torn down, without the written consent of the Landlord (which Landlord may withhold in its sole and unfettered discretion); not abandon the Senior Housing Project without the written consent of the Landlord (which Landlord may withhold in its sole and unfettered discretion); obey and comply with all applicable statutes, laws, ordinances, regulations, orders or other requirements of any governmental body exercising jurisdiction over the Senior Housing Project, or the use, condition or occupancy of the Senior Housing Project; and obey and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, and permits applicable to the Senior Housing Project.

(f) The Company covenants and agrees that it will not, without the prior written approval of the Landlord, which shall not be unreasonably delayed or withheld: with the exception of sales, assignments, encumbrances, transfers and liens pursuant to the exercise of rights and remedies by a Leasehold Mortgagee (as defined in Section 9.1(b) hereof) under its Leasehold Mortgage, sell, assign, encumber or otherwise transfer the Senior Housing Project or any part thereof, or permit the sale, assignment, transfer or encumbrance of the Senior Housing Project or any part thereof, to any person or entity during the Term, or permit any lien against the Senior Housing Project during the Term provided however, that notwithstanding the foregoing or anything to the contrary in this Lease, the Company may take the following actions without the Consent of Landlord and such actions shall not constitute an Event of Default hereunder: (i) sublease individual residential rental units in the Senior Housing Project to occupants thereof, (ii) transfer membership interests in the Company as permitted pursuant to Company's organizational documents and (iii) refinance any permitted mortgage at its maturity; sell, assign, encumber or otherwise transfer any managing member interest in the Company to any person or entity except as otherwise permitted herein; except as permitted or required by this Lease, or except as required in the ordinary course of maintaining and operating the Senior Housing Project, remodel, add to, reconstruct or demolish any part of the Senior Housing Project and improvements located on the Premises; and permit the use of the Senior Housing Project for any purpose except the uses which were originally intended as set forth in this Lease, or permit any non-residential use of the Senior Housing Project in a manner different from that approved by the Landlord.

(g) The Company shall keep the Senior Housing Project free from all liens and claims of every kind except for any Leasehold Mortgagee which holds a Mortgage in connection with financing reasonably necessary to develop the Senior Housing Project for affordable senior housing (including but not limited to the use of tax credits under the LIHTC, and those which have been consented to by the Landlord or otherwise approved by the Landlord in writing (such consent or approval not to be unreasonably withheld).

(h) The Company shall not use or occupy the Senior Housing Project in violation of any certificate of occupancy, permit or other governmental consent issued for the Senior Housing Project. If any governmental authority, after the commencement of the Term, shall contend or declare that the Senior Housing Project is being used for a purpose which is in violation of such certificate of occupancy, permit or consent, then the Company shall, upon thirty (30) days' notice from the Landlord, immediately discontinue such use of the Senior Housing Project for such purpose or shall take all appropriate steps to contest such violation. If thereafter the governmental authority

asserting such violation threatens, commences, or continues criminal or civil proceedings against the Landlord for the Company's failure to discontinue such use that Company is not contesting in good faith, in addition to any and all rights, privileges and remedies given to Landlord under this Lease for default therein, Landlord shall have the right to terminate this Lease. The Company shall indemnify Landlord for and hold Landlord harmless from any and all liability for any such violation or violations.

ARTICLE VI

Occupancy, Marketing, Tenant Services and Property Management Requirements

6.1. **Project Occupancy Requirements.** Until the end of the Term, the Senior Housing Project shall be subject to the occupancy requirements of this Article VI and to any regulations applicable to the Company's financing of the Senior Housing Project or the syndication and claiming of LIHTC tax credits. Without limiting the generality of the foregoing, the Landlord and the Company acknowledge and agree that the use, occupancy, and possession of the Senior Housing Project by the Company shall also be subject to the terms, conditions and restrictions of the Loan Documents, and the loan documents of any other Leasehold Mortgagees.

6.2. **Specific Occupancy Requirements.** The Company shall rent thirty-six (36) units to households whose incomes do not exceed fifty percent (50%) of the area median income as adjusted for household size, and defined and published annually by the U.S. Department of Housing and Urban Development, and shall rent the remaining thirty-five (35) units to households whose incomes do not exceed sixty percent (60%) of the area median income as adjusted for household size, and defined and published annually by the U.S. Department of Housing and Urban Development. The Company shall ensure that at least one person in each household is an elderly person. For purposes of this Lease, an "elderly person" is a person who is at least 62 years of age, or older if required by applicable law. Upon taking an application from a prospective tenant, the Company shall determine and document the annual income of the applicant household. The income of households renting units shall be reexamined and recertified by the Company upon each lease renewal.

6.3. **Management of the Property.** The Company shall provide for the management of the Senior Housing Project, in a manner reasonably satisfactory to the Landlord. Any contract entered into by the Company for the management of the Senior Housing Project must be approved by the Landlord, which approval shall not be unreasonably withheld. The Landlord's approval shall be based on the financial stability and capability of the management company to fulfill the management responsibilities under the contract, the experience of the management company with similar senior housing projects and similar properties, and other factors that are relevant to the management company's ability to manage the Senior Housing Project successfully. Any management contract entered into by the Company for the management of the Senior Housing Project shall provide that, upon written request by the Landlord addressed to the Company, the contract shall be subject to termination, without penalty and with cause, in the event that the management agent has materially defaulted under the terms of the management contract after applicable cure periods, or the management agent has acted negligently, committed willful misconduct or violated any provisions of applicable laws. Concurrently with a written request by the Landlord to terminate a management contract, the Landlord shall provide a copy of such notice

to all Leasehold Mortgagees then having a lien on the Senior Housing Project and to the Investor. Upon receipt of such request, the Company shall terminate the contract within a period of not more than thirty (30) days and shall make arrangements for continuing property management of the Senior Housing Project. Landlord must approve, which approval shall not be unreasonably withheld, any subsequent management company and any subsequent contract entered into by the Company for the management of the Senior Housing Project.

6.4. **Project Management and Marketing Requirements.** Throughout the Term, the Company shall maintain and comply with a plan for the marketing, rental, and management of the Senior Housing Project, hereinafter referred to as the “Management Plan,” which has been filed with the Landlord. The Management Plan and all revisions to the Management Plan shall be submitted to and approved by the Landlord or the Landlord’s designee, which approval shall not be unreasonably withheld. The Management Plan shall include, but not be limited to, the affirmative marketing procedures and the fair housing and equal opportunity procedures required by federal and State laws. The Company shall annually provide satisfactory evidence to the Landlord or its designee, at such time and in such manner as Landlord reasonably shall require, documenting compliance with all aspects and provisions of the approved Management Plan.

6.5. **Tenant Services Plan Requirements.** During the Term of the Lease and so long as the Project receives project-based rental assistance, or alternative funding for such purposes, the Company shall provide to all Senior Housing Project residents the services more fully described in a “Tenant Services Plan”, which shall be presented to the Landlord prior to the Effective Date and shall be approved by the Landlord or its designee. These services shall include, but not be limited to:

(a) the creation of a centrally administered residential computer network that will provide residents with high-speed internet and intranet access and will connect computer and medical technology devices in all public spaces and individual housing units;

(b) the facilitation of the development of an integrative program of healthcare, telecommunications and computing technologies to assist residents with monitoring their health and providing access to both health and social service delivery systems;

(c) the development and promotion of an active Residents Association that will help to create a resident-driven vision for the housing community and engage the residents in developing programs to meet resident needs; and

(d) the provision of on-site education and life-long learning programs, including a computer training center.

The Company may change the Tenant Services Plan from time to time, provided that any changes are approved in advance and in writing by Landlord or its designee, such approval not to be unreasonably withheld. The Company annually shall provide satisfactory evidence to the Landlord, at such time and in such manner as Landlord reasonably shall require, to document compliance with all aspects and provisions of the approved Tenant Services Plan. To the extent that

the level of services must be reduced because of a reduction or elimination of project-based rental assistance, the Company shall not be in Default of this Agreement, so long as the Company makes reasonable efforts to secure alternative funding for such services and provides documentation to Landlord of such efforts.

6.6. Partnership's Administrative and Record Keeping Requirements.

(a) For a period of ten (10) years from creation of such documentation, the Company shall execute, compile and retain documentation reasonably satisfactory to the Landlord, or its designee, to be available at such time and such place as reasonably determined by the Landlord or its designee for the periodic monitoring of the Company's compliance with the requirements of this Lease. In conducting its compliance review, the Landlord or its designee will rely primarily on information obtained from the Company's records and reports and findings from on-site monitoring and audit reports, but may also rely on other relevant sources. The Company shall pay a fee in an amount of Two Thousand Five Hundred Dollars (\$2,500) per year to the Landlord or the Landlord's designee for services rendered in connection with such annual compliance review. This fee may be adjusted periodically by the Landlord to account for inflation.

(b) For a period of ten (10) years from creation of such documentation, the Company shall (i) retain written documentation evidencing the extent to which the Management Plan has been followed, and (ii) maintain a written rent roll of occupied and vacant units showing the rent charged for each unit and the utility allowance (if any).

(c) All tenant lists, applications, waiting lists, income examinations and reexaminations, notices to tenants, correspondences from tenants relating to the Senior Housing Project and any other written documentation required to show compliance with the terms and conditions of this Lease shall at all times be kept by the Company separate and identifiable from any other business of the Company which is unrelated to the Senior Housing Project, and shall be maintained for a period of ten (10) years from creation of such documentation, in a reasonable order and condition and upon reasonable notice made available for audit, examination and photocopying during business hours by the Landlord or its designee.

ARTICLE VII

Insurance

7.1. **Insurance to be Maintained by the Company during Renovations.** The Company shall purchase and maintain at its cost and expense (or cause to be purchased and maintained) insurance at the following levels of coverage during the renovation period with respect to the Senior Housing Project improvements:

(a) commercial general liability insurance with at least \$1,000,000 combined single-limit coverage on an occurrence basis covering all premises and operations and including personal injury, independent contractor contractual liability and products and completed operations;

(b) automobile liability insurance with at least \$1,000,000 combined single limit

coverage to include owned, non-owned and hired automobiles;

(c) worker's compensation statutory benefits as required by the laws of the State of Maryland and employee's liability coverage with limits of at least \$100,000 each accident, \$100,000 each employee disease, and \$500,000 disease policy limits;

(d) builder's risk insurance and multi-peril insurance on an all-risk basis with an agreed-amount endorsement providing completed value coverage such that for the full construction period the Senior Housing Project is insured in an amount not less than 100 percent of the value of the Senior Housing Project improvements. This insurance shall be written on a form acceptable to the Landlord; and

(e) excess liability coverage in the form of an umbrella endorsement over the coverages set forth in subsections (a)-(d) above in an amount of at least \$5,000,000.

7.2. **Insurance to be Maintained by the Company and Management Company After Construction.** After the renovation period and for the remainder of the Term, the Company shall maintain in full force and effect at its cost and expense the same insurance as required under Section 7.1 hereof. The Company shall maintain commercial property insurance protecting against all loss and damages, at full replacement cost, sustained or suffered due to the loss of or damage to the improvements, betterments, fixtures, equipment and personal property as a result of fire, theft, lightning, windstorm, explosion, vandalism, malicious mischief or any other casualty (Causes of Loss - Special Form - ISO Form No. CP1030 or equivalent). The Company also shall require each management company that provides management services for the Senior Housing Project to maintain insurance in full force and effect during the term of its management contract, in not less than the minimum limits of coverage required by the Company, and in accordance with such terms, required by this Section and Section 7.3.

7.3. **Certificates of Insurance.** The Company and management company shall furnish the Anne Arundel County Office of Risk Management or its successor with certificates evidencing the type, amount, class of operations, and effective dates of expiration of the insurance policies required herein. To the extent that the insurance companies providing policies required by this Lease shall agree, the certificates shall include substantially the following statement: "The insurance covered by this certification shall not be canceled or materially altered, except after thirty (30) consecutive calendar days from when a written notice has been delivered to Anne Arundel County Office of Risk Management." Anne Arundel County, Maryland, and its agents, employees and officers, shall be named as an additional insured in all insurance policies required by this Lease except for workers compensation and automobile liability policies. The Landlord shall have the right to approve all insurance companies providing policies required by this Lease, and such approval shall not be unreasonably withheld.

7.4. **Insurance to be Maintained by the Landlord and Other Tenants.**

(a) With respect to the Remaining Premises, the Landlord shall cause any tenant of the Remaining Premises to purchase and maintain insurance at the same levels and in the same categories as are herein required of the Company.

(b) The Landlord shall maintain real property and boiler and machinery coverage on the Premises, exclusive of the Company's improvements, betterments, fixtures, and personal property. The Company shall reimburse the Landlord for sixty-four percent (64%) of a percentage of the premiums and costs for this real property coverage based on the five-year average for claims as a percentage of the property insured by the County under these coverages. For calendar year 2024, the percentage was determined to be 1.03% of total premiums, for a total cost invoiced of \$\$8,622.52. If the amount of the annual premiums and costs invoiced to the Company increases by more than 20% from the prior year, the Landlord shall give notice to the Company within a reasonable time after the calculation of the premiums and costs. If the basis for calculating the percentage of premiums and costs changes due to any changes in the Landlord's real property and boiler and machinery coverage, the Landlord shall give reasonable notice to the Company. Every three (3) years during the term of this Lease, the Landlord and the Company shall review the provisions and costs of this coverage and make good faith attempts to agree on any changes requested by either party.

7.5. **Periodic Review of Insurance Coverage.** The Landlord shall have the right to periodically review all documentation relating to the Company's insurance coverage to ascertain that the Company is in compliance with this Article VII of this Lease, and the Company shall make such available within a reasonable time at the request of the Landlord. Moreover, every three (3) years during the term of this Lease, the Landlord shall review the amounts of insurance coverage required under this Lease. If the Landlord determines that the amounts should be increased or decreased based on sound business and liability grounds, the Landlord shall inform the Company, and the Company shall comply with the change in the amount of insurance within ninety (90) days. Any changes in insurance coverage amounts requested by the Landlord shall be consistent with insurance coverage amounts generally required by commercial landlords in the Baltimore-Washington area for similar situations.

7.6. **Casualty.** In the event of a casualty involving any improvements on the Lease Area or the Remaining Premises, unless otherwise agreed to in writing by the Landlord, the Company and the Leasehold Mortgagees, Landlord and the Company, to the extent permitted under the Leasehold Mortgages, agree that each shall apply, and the Landlord shall cause any tenant in the Remaining Premises to apply, the proceeds of any hazard insurance to the restoration of the Lease Area or the Remaining Premises, as applicable, to the extent necessary to enable the Senior Housing Project and improvements on the Remaining Premises to be restored to their prior condition and to comply with all other obligations of the parties set forth in this Lease.

ARTICLE VIII

Condemnation

8.1. **Proceeds of Condemnation.** Subject to the rights of any Leasehold Mortgagee under its loan documents:

(a) If at any time during the Term any or all of the Premises or Senior Housing Project improvements is taken by the exercise of any power of eminent domain or is conveyed to or at the

direction of any governmental entity under a threat of any such taking (a “Condemnation”), the Landlord and the Company shall divide the proceeds and make other adjustments in a just and equitable manner under the circumstances. If the parties cannot agree on a just and equitable division within thirty (30) days after the award has been made, the disputed matters shall be submitted to arbitration by an arbiter mutually selected by the parties and qualified by the American Arbitration Association, or such other organization as is mutually agreeable to the parties, for decision and determination.

(b) It is the general intent of this Section that, upon Condemnation, and subject to the rights of any Leasehold Mortgagees under their Loan Documents, the parties shall share in their awards to the extent that their respective interests are depreciated, damaged, or destroyed by the exercise of the right of eminent domain. If the Condemnation is total, the Condemnation award shall be allocated so that:

(1) the then value of the Company’s leasehold interest in the Senior Housing Project is allocated to the Company; and

(2) the remainder is allocated to the Landlord.

8.2. **Effect on Lease.** If (i) all of the Premises and Senior Housing Project improvements thereon are covered by a Condemnation, or (ii) any part of the Premises or Senior Housing Project improvements thereon is covered by a Condemnation and the remainder thereof is insufficient in the reasonable judgment of the Company for the reasonable operation of a multi-family rental housing project, then the Company may terminate this Lease on the date on which possession of so much of the Premises or Senior Housing Project improvements as is covered by the Condemnation is taken by the condemning authority, and all rent, taxes and other charges payable hereunder shall be apportioned and paid to that date, and all improvements on the Premises and the Senior Housing Project improvements that are not covered by the Condemnation and taken by the condemning authority, if any, shall become the property of the Landlord.

ARTICLE IX

Mortgage Financing

9.1. **Leasehold Financing.**

(a) Subject to the Landlord’s prior written consent (which shall not be unreasonably withheld or delayed) and as long as the Company is not in default under the terms of this Lease, the Company may mortgage or otherwise encumber the Company’s leasehold interest in the Project, in whole or in part, during the Term or any part thereof, by executing a Leasehold Mortgage as security for the performance of the Company’s obligations under such Leasehold Mortgage; it being understood at all times that the Landlord’s fee ownership of the premises may not be encumbered or affected in any way by the Company through any mechanism or instrument. As used herein, the term “Leasehold Mortgage” shall include but not be limited to the First Mortgage and the DHCD Mortgage. Landlord hereby consents, without the necessity of any further action, to the First Mortgage and the DHCD Mortgage.

(b) Any Leasehold Mortgagee may become the legal owner and holder of the Company's interest in this Lease by foreclosure of its Leasehold Mortgage, or as a result of the assignment of this Lease in lieu of foreclosure, whereupon such Leasehold Mortgagee shall immediately become and remain liable as tenant under this Lease (subject to the provisions of Sections 9.3 and 9.4), so long as, but no longer than, such Leasehold Mortgagee is in possession or is entitled to possession of the Senior Housing Project.

9.2. **Mortgages.** The Landlord acknowledges that the Company has applied to the Construction Lender, the Permanent Lender, DHCD (or an affiliated agency), and to one or more Mortgagee(s) for financing of the renovation costs of the Senior Housing Project improvements. The Landlord further acknowledges that the Company intends to encumber its leasehold interest under this Lease by granting to the Construction Lender, Permanent Lender, DHCD (or an affiliated agency) and to one or more mortgages or security agreements to secure such financing. Except as otherwise agreed to in writing by the Landlord, the First Mortgage Loan Documents and the DHCD Mortgage Loan Documents shall not constitute liens or encumbrances superior to the fee simple interest of the Landlord in the Premises and shall not otherwise affect in any manner the right, title, or interest of the Landlord in the Premises.

9.3. **Foreclosure of Leasehold Mortgages.**

(a) In the event of a foreclosure or assumption-in-lieu of foreclosure under any Leasehold Mortgage, the Leasehold Mortgagee may, in its sole discretion, upon written notification to the Landlord, assume or sell the Company's leasehold estate (by foreclosure or deed in lieu of foreclosure) subject to all of the terms and conditions of the Lease, including the occupancy requirements of Article VI. The purchaser at foreclosure or recipient of a deed in lieu of foreclosure (or the recipient of a deed from the purchaser at a foreclosure or by deed in lieu of foreclosure) shall be deemed to have assumed this Lease and shall be recognized by the Landlord for all purposes as the tenant hereunder.

(b) If more than one Leasehold Mortgagee elects to exercise the foregoing rights described in Section 9.3(a), the Landlord shall accept the exercise of such rights from the Leasehold Mortgagee with the highest priority lien.

9.4. **Opportunity to Cure Partnership Default; Assumption of Lease.**

(a) If an Event of Default by Company occurs under Article X of this Lease, before taking action to terminate the Lease, the Landlord shall offer simultaneously in writing to each Leasehold Mortgagee and the Investor (i) an opportunity to cure the Event of Default and (ii) the option to either assume or sell the rights, obligations, and interests of the Company hereunder pursuant to Section 9.3 hereof or, upon termination of the Lease, to enter into a new Lease on substantially the same terms as herein described. The Investor or any Leasehold Mortgagee receiving such an offer from the Landlord may either:

(i) cure the Event of Default within one hundred eighty (180) days of the date of the offer,
or

(ii) exercise the option to assume orsell the Lease or enter into a new Lease by delivering written notice to the Landlord within one hundred eighty (180) days of the date of the offer or such longer period of time as may be reasonably needed to effect the termination of this Lease by the Landlord or, in the event of foreclosure under the applicable Leasehold Mortgage, to complete the foreclosure in accordance with Rules 14-101 et seq. of the Maryland Rules. Whenever Landlord serves upon the Company a written notice of an Event of Default pursuant to Section 10.2 hereof, Landlord shall also serve such a written notice of an Event of Default upon any applicable Leasehold Mortgagee and the Investor.

(b) If one or more than one Leasehold Mortgagee or the Investor elects to cure the Event of Default, the Landlord shall accept the cure from the Leasehold Mortgagee or the Investor that cures the Event of Default first. If no Leasehold Mortgagee elects to cure the Event of Default, but more than one Leasehold Mortgagee elects to assume the Lease or enter into a new Lease, the Landlord will permit the Leasehold Mortgagee having the highest priority lien to assume the Lease or enter into a new Lease.

(c) If a Leasehold Mortgagee or the Investor cures the Event of Default, cure by the Leasehold Mortgagee or the Investor shall constitute cure by the Company.

(d) If a Leasehold Mortgagee exercises the option to assume or sell the Lease, it or its purchaser, as applicable, shall assume all of the rights, obligations, and interests of the Company under this Lease without modification, except as agreed to in writing by the Landlord, and all of the terms and conditions of this Lease shall remain in full force and effect. If a Leasehold Mortgagee exercises the option to enter into a new Lease, the new Lease shall contain substantially the same terms as herein described, except as otherwise agreed to in writing by the Landlord.

9.5. **Landlord's Mortgage.** The Landlord represents that there is no mortgage on its fee simple interest in the Premises and agrees that, except as otherwise agreed by the Company and Leasehold Mortgagees, any fee simple mortgage on the Premises shall be subordinate to this Lease.

ARTICLE X

Default

10.1. **Events of Default.** The occurrence of any one or more of the following events shall be deemed an "Event of Default" for the purposes of this Lease:

(a) if the Company fails to pay any Rent or either party to this Lease fails to pay any other sum that it is obligated to pay by any provision of this Lease, when and as due and payable and without demand therefore;

(b) if either party to this Lease fails to observe or perform any one or more of its non-monetary covenants or obligations contained in this Lease;

(c) if any representation or warranty of either party contained in this Lease or any other

document or instrument executed by either party in connection with this Lease shall

be untrue in any material respect as of the Effective Date or shall become untrue in any material respect thereafter;

(d) if the Company makes a transfer in fraud of creditors, makes an assignment for the benefit of creditors, files a petition under any section or chapter of the federal Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof, is adjudged bankrupt or insolvent in proceedings filed against the Company, or if a receiver or trustee is appointed for the Lease Area or for all or substantially all of the assets of the Company, provided, however, that the Landlord cannot terminate the Lease due to a default under this paragraph without the consent of the Leasehold Mortgagees, which shall not be unreasonably withheld;

(e) if the Company breaches any utility, storm water management or other agreements between the Company and the City of Annapolis in connection with the development of the Senior Housing Project; or

(f) if the Company fails to commence substantial renovation of the Senior Housing Project by December 1, 2025, and fails to complete renovations of the Senior Housing Project (meaning that the architect has certified that the renovations are 100% complete) by December 31, 2027; provided, however, if by any reason of Force Majeure, or other reason to which the Landlord is notified and consents in writing, the Company fails to satisfy either of such conditions by their respective dates, the Company shall not be deemed in default during the continuance of such inability.

10.2. **Notice: Grace Period.**

(a) Notwithstanding anything in Section 10.1 hereof to the contrary, and subject to Section 9.4, on the occurrence of an Event of Default by the Company, the Landlord may not exercise any of its rights or remedies on account thereof unless and until:

(1) If the Event of Default consists of a failure to pay money under Section 10.1(a), (i) the Company has failed to pay such sums within thirty (30) days after the Landlord has sent the Company written notice of the Event of Default, and (ii) the Investor or any Leasehold Mortgagee has failed to pay such sums within sixty (60) days after the Landlord has sent the Investor or any Leasehold Mortgagee written notice of the Event of Default; or

(2) If the Event of Default consists of a failure to observe or perform a non-monetary covenant or obligation other than a failure to maintain occupancy requirements as specified in Section 6.2, (i) the Landlord has sent the Company written notice of the Event of Default with a copy to any Leasehold Mortgagee, and (ii) either the Company, the Investor, or any Leasehold Mortgagee has failed to cure the Event of Default within sixty (60) days after the notice is sent, or the default is not cured within one hundred twenty (120) days if the default is of a nature that reasonably cannot be cured within sixty (60) days after notice and the Company, the Investor or any Leasehold Mortgagee have failed to commence to cure the Event of Default within such sixty (60) day period or thereafter have failed to diligently and continuously pursue a cure.

(3) If the Event of Default consists of a failure to maintain occupancy requirements as specified in Section 6.2, (i) the Landlord has sent the Company written notice of the Event of Default, with a copy to the Investor and any Leasehold Mortgagee, that specifies the nature of the default, the corrective action required to cure the default, and a reasonable period of time within which to commence and complete the corrective action needed to cure the default, and (ii) the, Company, the Investor, or any Leasehold Mortgagee has failed to commence and to complete the corrective action needed to cure the Event of Default within the periods of time for each as specified in the written notice.

(b) Notwithstanding anything in Section 10.1 hereof to the contrary, and subject to Section 9.5, on the occurrence of an Event of Default by the Landlord, the Company may not exercise any of its rights or remedies on account thereof unless and until it has obtained the written consent of all Leasehold Mortgagees that then have an outstanding lien on the Senior Housing Project, and until:

(1) If the Event of Default consists of a failure to pay money under Section 10.1(a), the Landlord has failed to pay such sums within thirty (30) days after the Company has sent the Landlord written notice of the Event of Default.

(2) If the Event of a Default consists of a failure to observe or perform a non-monetary covenant or obligation, the Company may not exercise any of its rights or remedies on account thereof unless and until the Company has sent the Landlord written notice of the Event of Default, and either (i) the Landlord has failed to cure the Event of Default within sixty (60) days after the notice is sent, or (ii) the default is not cured within one hundred twenty (120) days if the default is of a nature that reasonably cannot be cured within sixty (60) days after notice and the Landlord has not commenced to cure the Event of Default within such sixty (60) day period and thereafter diligently and continuously pursued a cure.

10.3. **Landlord's Rights Upon Event of Default.** Upon the occurrence of an Event of Default by the Company, and subject to the provisions of Section 10.2 and Section 9.4, the Landlord may take any or all of the following actions:

(a) reenter and repossess any or all of the Senior Housing Project and take possession and title to any or all of the Senior Housing Project improvements thereon;

(b) terminate this Lease by giving the Company written notice of the termination, which termination shall be effective as of the date of the notice or any later date specified in the notice;

(c) relet any or all of the Senior Housing Project improvements thereon for any or all of the remainder of the Term and collect and receive the rents therefore either as agent for the Company, if the Lease has not been terminated, or on the Landlord's own behalf, if the Lease has been terminated;

(d) cure the Event of Default in any other manner at the expense of the Company; or

(e) pursue any combination of these remedies or any other right or remedy available to the Landlord on account of the Event of Default under this Lease or at law or in equity.

10.4. **The Company's Rights Upon Event of Default.** Upon the occurrence of an Event of Default by the Landlord, and subject to the provisions of Section 9.5 and 10.2, the Company may take any or all of the following actions:

(a) terminate this Lease by giving the Landlord written notice of the termination, which termination shall be effective as of the date of the notice or any later date specified in the notice, provided, however, that in no event shall any termination of this Lease by the Company be effective without the prior written consent of each Leasehold Mortgagee with an existing lien on the Company's leasehold interest, which consent may be withheld in the Lenders' sole and absolute discretion;

(b) cure the Event of Default in any other manner; or

(c) pursue any combination of these remedies or any other right or remedy available to the Company on account of the Event of Default under this Lease or at law or in equity.

10.5. **Additional Remedies.**

(a) Notwithstanding anything to the contrary herein, prior to exercising any right to terminate this Lease due to an Event of Default prior to the end of the Compliance Period as defined in Section 42 of the Internal Revenue Code of 1986, as amended, the Landlord shall notify the Investor in writing, and the Investor shall have 90 days from the date of notice to cure the Event of Default.

(b) If the Event of Default is not reasonably susceptible to cure and is caused by the property manager, Company may terminate the property manager and make diligent efforts to obtain all required approvals to engage a substitute property manager and make best efforts to cure and take all appropriate steps to remedy any harm to residents or applicants, as applicable. The Landlord shall determine if, in its sole discretion these efforts are sufficient to be deemed a cure of the Event of Default. The prior written consent of the Landlord shall not be required for termination of the property manager if the Company determines that termination is necessary to cure the Event of Default, or otherwise ensure ongoing compliance with the terms of this Lease but Company must obtain Landlord's written consent prior to engaging a replacement property manager.

(c) If the Event of Default is not reasonably susceptible to cure and is not caused by the property manager, Company may remove the managing member and make best efforts to effectuate a cure and take all appropriate steps to remedy any harm to residents or applicants, as applicable. The Landlord shall determine if, in its sole discretion these efforts are sufficient to be deemed a cure of the Event of Default. If HUD's or DHCD's or a Leasehold Mortgagee's prior approval shall be required for the substitute managing member, any timeframes to cure shall be extended for such period as HUD or DHCD or such Leasehold Mortgagee may require to review the Company's request for a substitute managing member provided that Company exercises diligent efforts to obtain all such required approvals to such substitute managing member.

(d) Company's rights hereunder shall not be terminated and Company shall not be in default hereunder if a delay in the performance of any right or obligation hereunder (including the right to cure an Event of Default) arises from unforeseeable causes beyond the reasonable control and without the fault or negligence of Company. Examples of such causes include (a) acts of God, or public enemy, (b) acts or failure to act of Landlord, HUD, or other governmental entity in either its sovereign or contractual capacity, (c) acts or failure to act of another contractor in the performance of a contract with Landlord, (d) fires, (e) floods, (f) epidemics, (g) quarantine restrictions, (h) strikes or labor disputes, (i) freight embargoes, (j) unusually severe weather.

ARTICLE XI

Miscellaneous

11.1. **Non-recourse.** No member of the Company assumes personal liability for payments and deposits due under this Lease.

11.2. **Amendment.** This Lease may not be amended without the written agreement of the parties and the Investor, and, for so long as it has any mortgage on any part of the Senior Housing Project, DHCD, or any other Leasehold Mortgagee. The Company and Landlord agree to cooperate to amend this Lease to the extent reasonably required as a result of changes in applicable government laws or regulations. Certain amendments may require the approval of the Anne Arundel County Council, and the determinate of whether such approval is required is within the sole discretion of the Landlord.

11.3. **Assignment or Subletting.** The Company may not assign this Lease or sublet the Lease Area, the Senior Housing Project or any portion thereof (excluding residential unit leases and the exercise by a Leasehold Mortgagee of rights and remedies under its Leasehold Mortgage) without obtaining the Landlord's prior written consent, which Landlord may withhold at its sole and arbitrary discretion. Notwithstanding the foregoing, the Company may sublease the Lease Area as consented to in the Original Lease, the Exhibit Space as provided in Section 4.9, and other portions of the Lease Area to provide services to residents of the Senior Housing Project. The Landlord expressly consents to that certain Lease between Original Tenant and Resurgence Beauty Lounge LLC dated April 1, 2016. The Landlord may assign any or all of its obligations under this Lease to ACDS or its successor organization, provided that the Landlord remains primarily responsible for the performance of all such assigned obligations. The Landlord hereby covenants that it will not lease or license any portion of the Remaining Premises for any use that is incompatible with the residential character of the Senior Housing Project or would impair the Company's right to quiet enjoyment of the Senior Housing Project. The Company agrees that the Lease to the Boys & Girls Clubs of Annapolis and Anne Arundel County, Inc. is not incompatible with the residential character of the Senior Housing Project and would not impair the Company's right to quiet enjoyment of the Senior Housing Project.

11.4. **No Waiver.** Failure of any party to require performance by another of any of the terms of this Lease shall not affect the party's right to enforce such term. Waiver of any term hereof shall not constitute waiver of any other term or breach hereof.

11.5. **Successors and Assigns.** This Lease shall be binding upon and inure to the benefit of the successors and permitted assigns of the respective parties.

11.6. **Beneficiary Under Deed of Trust as Assignee.** No beneficiary under a deed of trust encumbering the Company interest in all or a portion of the leasehold estate created hereby shall be liable in any manner to the Landlord as an assignee of this Lease until such time as such beneficiary shall have (a) acquired the rights of the Company hereunder through foreclosure or other appropriate proceedings in the nature thereof, or as a result of any action or remedy provided for by law, by such deed of trust, or by this Lease, or (b) actually entered onto the Senior Housing Project and taken possession and control thereof.

11.7. **Headings.** The headings of this Lease are for reference only and shall not be deemed to limit or define the meaning hereof.

11.8. **Counterparts.** This Lease may be executed in counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

11.9. **Time of the Essence.** Time is of the essence in this Lease.

11.10. **Notices.** All notices and other communications required under this Lease shall be hand delivered or telecopied or delivered by commercial courier with receipt, or mailed, by registered or certified mail, postage prepaid and return receipt requested, to the parties at the following addresses (or at such other address as any party may designate in writing):

To the Company:

Wiley Bates School LLC
c/o Enterprise Community Development, Inc.
875 Hollins Street, #202, Baltimore, Maryland 21201

With a copy to:

Klein Hornig LLP
1325 G Street NW, Suite 770
Washington DC 20005
Attn: Aaron O'Toole
aotoole@kleinhornig.com

and a copy to:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Tel: (410) 964-0552; Fax: (410) 772-2630

Attention: Asset Management
With a copy to:
Email: legal@enterprisecommunity.com
Attention: Chief Legal Officer

And a copy to:

Michael Hopkins
Bocarsly Emden Cowan Esmail & Arndt LLP
4800 Hampden Lane, Suite 200
Bethesda, MD 20814
301.634.0535 (Direct Dial)
301.560.8851 (Direct Fax)
mhopkins@bocarsly.com
www.bocarsly.com

To the Investor:

To the Landlord:

Anne Arundel County Office of Central Services
Real Estate Division
2660 Riva Road, 3d Floor
Annapolis, MD 21401

With a copy to:

Anne Arundel County Office of Law
ATTN: County Attorney
2660 Riva Road, 4th Floor
Annapolis, MD 21401

County Executive
Anne Arundel County, Maryland
44 Calvert Street, 4th Floor
Annapolis, MD 21401

**And, if there exists a First Mortgage
and the Construction Loan has not been paid off,
to:**

And, if there exists a First Mortgage and a Permanent Loan, to:

And, if there is a 221(d)(4) Loan:

**And, if there exists a DHCD Mortgage,
to DHCD:**

Community Development Administration, an agency in the Division of Development
Finance of the Department of Housing
and Community Development of the State of Maryland

Such notice shall be deemed received on the date sent if by hand delivery or email, on the date set forth on the receipt if delivered by commercial courier, or on the third business day subsequent to mailing as specified herein.

11.11. **Entire Agreement.** This Lease constitutes the entire understanding and agreement for the parties. All previous agreements, understandings, promises, and representations, whether written or oral, relating to this transaction, are superseded by this Lease.

11.12. **Governing Law and Forum for Actions.** This Lease shall be construed under and governed by the laws of the State of Maryland, without regard to those principles governing conflicts and choice of laws. Any action arising from or relating to this Lease shall be brought in the State courts of Maryland located in Anne Arundel County.

11.13. **Estoppel Certificates.** The Landlord and the Company shall, without charge, at any time and from time to time, within fifteen (15) days after receipt of request therefore from the other party, execute, acknowledge and deliver to the requesting party, and to such Leasehold Mortgagee or other party as may be designated by the requesting party, a written estoppel certificate in form and substance as may be reasonably required by either party or by a Leasehold Mortgagee or other party.

11.14. **Recordation.** Any party may record this Lease or a memorandum hereof and all parties agree to execute and deliver a memorandum of lease to any party so requesting.

11.15. **Interpretation.** This Lease has been prepared jointly by Landlord and the Company. In the event of any ambiguity in this Lease, such ambiguity shall not be resolved against either party solely because that party prepared this Lease.

11.16. **Parties' Costs and Expenses.** Any such party (for purposes of this section, the

“Defaulting Party”) shall pay all costs, charges and expenses, including reasonable attorneys’ fees, unless covered by title insurance, which the other party (the “Non-Defaulting Party”) may incur or expend in defending or enforcing the validity or priority of this Lease, or any term, condition or covenant of this Lease, or in collecting any sum secured hereby, or in protecting the security of the Non-Defaulting Party, or, if an Event of Default by the Defaulting Party shall happen, in administering and performing the Non-Defaulting Party’s powers, privileges and duties under this Lease. The Non-Defaulting Party may make advances or payments for such purposes; provided, however, that all reasonable advances or payments made by the Non- Defaulting Party for such purposes shall be due and payable to the Non-Defaulting Party upon demand; and further provided that no such advance or payment shall relieve the Defaulting Party from any Event of Default by the Defaulting Party hereunder. The Company’s agreement under this Section 11.16 extends only to costs and expenses incurred by the Landlord in its capacity as Landlord under this Lease and not in its sovereign or governmental capacity.

11.17. **Non-Waiver of Immunity.** Nothing in this Lease shall be construed as a waiver of any sovereign or governmental immunity to which Landlord may be entitled and such immunity is expressly affirmed to the extent permitted by law.

11.18. **Further Assurances.** The parties to this Lease shall execute and deliver, each at their respective expense, such further agreements, documents, and other instruments and do such further acts as may be reasonably required to carry out the intent and purposes of this Lease.

11.19. **No Third Party Beneficiary.** No person or entity other than the Company and the Landlord, and any Leasehold Mortgagee to the extent of its rights and privileges hereunder, is or shall be entitled to bring any action to enforce any provision of this Lease or the performance of any obligation under this Lease by either party. The provisions of this Lease are solely for the benefit of and shall be enforceable only by the Company and the Landlord and their respective successors and assigns as permitted hereunder, and any Leasehold Mortgagee to the extent of its rights and privileges hereunder.

11.20. **Limitation on Voluntary Surrender.** The Company may not voluntarily terminate this Lease and surrender the Senior Housing Project without the written consent of Landlord, which Landlord may withhold in its sole and unfettered discretion. In no event may the Company voluntarily terminate this Lease and surrender the Senior Housing Project without the written consent of all Leasehold Mortgagees that then hold an outstanding lien on the Senior Housing Project and the Investor.

11.21. **Waiver of Trial by Jury.** Landlord and Company both waive, for themselves and for any Leasehold Mortgagee, any right to trial by jury to which any of them may be entitled in any action arising from or relating to this Lease.

11.22. **Subject to Funding.** Any financial obligation of the Landlord under this Lease is subject to all provisions of law and is subject to appropriation and availability of funds.

11.23. **Lease Contingency.** This Lease is contingent upon approval of the County Council of Anne Arundel County pursuant to § 8-3-301 of the Anne Arundel County Code.

11.24. **Materiality of Recitals.** The “WHEREAS” recitals at the beginning of this Lease are a material part of this Lease and not merely prefatory.

[SIGNATURE PAGES FOLLOWS]

IN WITNESS WHEREOF, the Company and the Landlord, by their duly appointed representatives, have executed, sealed, and delivered this Lease as of the date and year written below.

WITNESS/ ATTEST:

WILEY BATES SCHOOL LLC
a Maryland limited liability company

By: ECD Wiley Bates School LLC,
a Maryland limited liability company, its
managing member

By: Enterprise Community Development, Inc.,
a Maryland non-stock corporation,
its sole member

NAME:

DATE:

By: _____ (SEAL)

Robert Fossi, Senior Vice President

DATE:

STATE OF MARYLAND, ANNE ARUNDEL COUNTY, TO WIT:

I **HEREBY CERTIFY** that on this ___ day of __20__, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared Robert Fossi, Senior Vice President of Enterprise Community Development, Inc., the sole member of ECD Wiley Bates School LLC, the managing member of Wiley Bates School LLC, and he acknowledged that he executed the foregoing Amended and Restated Lease for the purposes therein contained, and he further acknowledged the same to the act of the Wiley Bates School LLC.

AS WITNESS my Hand and Notarial Seal:

Notary Public

My Commission Expires:

WITNESS/ ATTEST:

ANNE ARUNDEL COUNTY, MARYLAND

NAME:
DATE:

By: _____ (SEAL)
Christine Anderson, Chief Administrative Officer
DATE:

APPROVED FOR FORM AND LEGAL SUFFICIENCY:
Gregory J. Swain, County Attorney

BY: Lori L. Blair Klasmeier
Deputy County Attorney

Date

STATE OF MARYLAND, ANNE ARUNDEL COUNTY, TO WIT:

I **HEREBY CERTIFY** that on this ___ day of __20__, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared Christine Anderson, Chief Administrative Office of Anne Arundel County, Maryland, and she acknowledged that she executed the foregoing Amended and Restated Lease for the purposes therein contained, and she further acknowledged the same to the act of Anne Arundel County, Maryland.

AS WITNESS my Hand and Notarial Seal:

Notary Public
My Commission Expires:

EXHIBIT A

Assignment and Assumption Agreement

EXHIBIT B

Lease Line Drawings

EXHIBIT C

FHA Addendum

EXHIBIT D

Memorandum of Ground Lease

EXHIBIT E

Exhibit Space Sublease

EXHIBIT F

Renovation Plans

EXHIBIT G

Wiley Bates Relocation Plan

EXHIBIT H

Form HUD Regulatory Agreement