

LEASE AGREEMENT

THIS LEASE (the "Lease"), made this date, whereby owner name owner of the Premises, herein referred to as "Landlord", does hereby lease unto the following residents: Cameron M. Egerton and Timothy M. Slater, Jr. are jointly and severally, hereinafter referred to as "Tenant", the Premises known as address, in the City of Salisbury, Wicomico County, Maryland, hereinafter referred to as the "Premises", for a period commencing on January 21, 2010, or the date Landlord tenders possession of the Premises, and ending on June 30th, 2010 at an Monthly rental rate of rate payable in equal monthly installments of rate to be paid on the first of day of each month, in advance, without any deduction or setoff. At the Tenant's signing of this Lease, Tenant will be required to pay the security deposit, which is one full month's. It is understood and agreed that all Lessees and Guarantors are jointly and severally liable for performing under the following conditions, covenants and agreements.

This lease is on the following terms, covenants, rules, and regulations which the Landlord and Tenant agree to keep and perform.

LANDLORD AND TENANT AGREE THAT:

1. **SECURITY DEPOSIT:** Tenant hereby agrees to render unto Landlord the sum of two month's rent to be held as security for the faithful performance by the Tenant of the covenants, conditions, rules, and regulations contained herein. The security deposit or any portion thereof, may be withheld for unpaid rent, damage(s) due to breach of Lease, or for damage(s) to the Premises by the Tenant, Tenant's family, or guests in excess of ordinary wear and tear. It is understood and agreed, however, that irrespective of said security deposit, rent shall be paid when due, in accordance with the terms hereof. At anytime during the term of the Lease that Tenant has an outstanding balance due to Landlord, Landlord may deduct such balance from Tenant's security deposit and require the Tenant to immediately restore the security deposit to an amount equal to two month's rent.

In the event of a sale of the Premises by Landlord, the Landlord shall have the right to transfer the Security Deposit to the vendee, or other transferee, and Landlord shall be considered released by Tenant for all liability for the return of such Security Deposit and Tenant shall look to Landlord's transferee solely for the return of said Security Deposit. It is agreed that this shall apply to every transfer or assignment made of the Security Deposit to any such transferee. The Security Deposit shall not be mortgaged, assigned or encumbered by Tenant without the written consent of Landlord and any attempt to do so without such consent shall be void.

Upon vacating the premises, should there be a balance left owing to the Landlord, collection procedures will start immediately. All costs of collection are assumed by the Tenant. If Tenant does not take occupancy of said premises for any other reason other than the unit not being ready for occupancy, the security deposit and first month's rent will be forfeited to Landlord as liquidated damages. This shall not relieve Tenant of Tenant's obligations to this Lease and Landlord shall any and all rights to enforce the terms of the Lease on the Tenant.

2. **DELIVERY DATE OF PREMISES.** The Landlord has not guaranteed a specific delivery date for the Premises, but the Tenant will only be charged rent from the date on which the Premises are ready for occupancy and tendered by Landlord to Tenant by delivery of keys.

3. **POSSESSION PRIOR TO COMMENCEMENT OF LEASE.** If permission is given to Tenant to enter into possession of the Premises prior to the date specified for the commencement of the term of this Lease, and/or to occupy any apartment/house of Landlord other than the Premises at any time, Tenant covenants and agrees that such occupancy shall be deemed to be under all of the terms, covenants, rules and regulations of this Lease, with the rent provided for under this Lease to be apportioned for such period of occupancy (as to time, on a daily basis) unless otherwise agreed to between the parties.

4. **CONDITION OF PROPERTY PRIOR TO OCCUPANCY.** Within five (5) days after Tenant takes occupancy of said Premises; Tenant shall deliver to Landlord an inspection repair list via certified mail in accordance with Section 40 of this lease. Landlord shall be given the option of repairing said defects. A form listing said unrepaired defects shall be provided by Landlord to be signed and a copy retained by both parties. This form shall be used as proof of any pre-existing defects of said Premises when Tenant vacates said Premises. If no such form exists at the expiration of the Lease, the Premises will be deemed to be delivered to Tenant without any defects and Tenant shall be responsible for any damages to the Premises other than normal wear and tear.

5. **CONDITION OF PREMISES.** The Premises will be made available such that it will not contain conditions which constitute, or if not promptly corrected will constitute, a fire hazard or a serious and substantial threat to the life, health or safety of occupants.

6. **DEFINITION OF RENT.** All payments from Tenant to Landlord required under the terms of this Lease, which shall include but not be limited to fees contained herein, court costs, attorney's fees, all costs of collection, and any unpaid utilities or repairs made on behalf of Tenant due to Tenant neglect or misuse, shall be deemed rent. Receipt by the Landlord of rent with knowledge of the violation of any term or provision of this Lease or the rules or regulations thereof, shall not be deemed a waiver of such breach.

7. **OCCUPANCY.** No more than Four people shall be allowed to live in the Premises. If the Tenant is found to be housing more than four people it shall be deemed a violation of the terms of this Lease and shall be grounds for immediate eviction.

8. **WATER USE TO BE PAID BY TENANT AS RENT.** It is the responsibility of the Tenant to pay, as additional rent, the water bill, sewer service charge, and trash collection fees on the herein rented property immediately on presentation of these bills when issued by Salisbury Housing, any vendor, and/or, including the City or authority having jurisdiction. If the Tenant fails to pay the bill directly to the vendor within 30 days of the vendor issuing the bill, the Landlord may, at its option, pay the bill and all fees in arrears and this amount paid shall be additional rent due from the Tenant to the Landlord, immediately upon the Landlord's payment. In such case Tenant shall also be liable to Landlord for the 10% Administrative Fee as outlined

in Section 27 of this Lease. In such case, the Landlord shall have the right to file summary ejectment for non-payment of rent in the Rent Court Division of the District Court of Maryland, AND THE TENANT SHALL BE SUBJECT TO EVICTION FOR NON-PAYMENT OF WATER AND SEWER SERVICE CHARGE, IN THE SAME MANNER AS ANY OTHER RENT.

9. UTILITIES: Tenant agrees to be responsible for payment and supply of all gas, electric, oil, telephone service, television service (if any), and any and all other utilities. All utilities are to be put in Tenant's name before the Tenant moves into the Premises. In the event the Tenant moves into the Premises without arranging to have each utility placed in Tenant's name, Tenant shall pay unto Landlord a penalty of \$100 per day until such utilities are placed in Tenant's name. If the Premises is not located within corporate city limits and does not have city water and sewer, then the Tenant is responsible for the cost of installation and maintaining a water conditioning system at the Premises. If the Tenant has natural gas heat, Tenant agrees to sign a Third Party Notification at Chesapeake Utilities and submit a copy to Lessor prior to moving into premises. Should the Tenant have a premises heated by oil heat, Tenant shall contract with an oil company for automatic delivery. For those utilities, the cost of which is the Tenant's responsibility, the Tenant shall promptly pay all charges for their use or consumption in the Premises, together with all taxes, levies or other charges on such utilities. If Tenant shall fail to promptly pay, when due, any such charges, taxes or levies, the Landlord, at its option, may pay same for Tenant's account, in which event Tenant shall immediately, as additional rent, reimburse Landlord therefore and shall also pay unto Landlord a 10% Administrative Fee as outlined in Section 27 of this Lease.

10. PAYMENT OF RENT. Tenant shall pay the rent by mail to the Landlord's office, c/o Salisbury Housing P.O. Box 1007, Salisbury, Maryland 21803-1007, or at such other place as may be designated by the Landlord. Except as may otherwise be required by law or by the Landlord, all rental payments made by Tenant to Landlord shall be by check or money order. Tenant understands and agrees that payments received will be applied as follows: Any arrears from previous month(s) will be credited first. In the current month, payment will first be applied to any court costs, late fees, administrative fees or any other miscellaneous charges owed. Having those paid, the remainder of the payment will then be applied to the basic unit rent for the current month. In the event that the rental payment and other charge(s) are not received in the office of the Landlord by the due date (the first day of the month in advance), the Landlord shall be entitled to pursue any remedy it may have under this lease. If the Landlord or Landlord's agent deems it necessary to pursue any legal action, Tenant becomes responsible for and agrees to pay any costs incurred by the Landlord upon the filing/serving of such legal action.

11. LATE CHARGE. Tenant will pay, as additional rent, a charge of five (5%) percent of the monthly rental as a late charge in the event that Tenant, both while occupying the Premises and after vacating same, shall fail to pay any rent, any portion of the rent and/or any charges, payments, expenses, or costs herein reserved within four (4) days beyond the date on which it became due and payable. Specifically, if the entire rent is not received by the Landlord when due, the late charge to Tenant shall be calculated on the entire monthly rent due regardless of any partial payments being made. This shall not constitute a waiver of the Landlord's right to institute proceedings for rent, damages and/or repossession of the Premises for non-payment of any installment of rent.

12. BANK RETURNED CHECKS. If any check issued by the Tenant to the Landlord or Agent for payments due hereunder is returned with-out payment for any reason whatsoever except Landlord's fault, in addition to reimbursing any fees that Landlord's bank charges Landlord, Tenant shall pay to Landlord as liquidated damages for additional expenses for bookkeeping and clerical services a charge of Fifty Dollars (\$50.00) for each time said check is returned. Tenant also agrees to pay a late charge (if applicable). Landlord shall have no obligation to make any further deposit of Tenant's bank returned check.

13. ALTERATIONS. The Tenant accepts said premises in their present condition and agrees to keep said premises in a good clean condition. Any alterations, additions or improvements of a permanent nature to the Premises shall not be made by Tenant without Landlord's prior written permission, and any such permanent alterations, additions or improvements made to the Premises shall be the property of the Landlord without payment to the Tenant and shall remain with the Premises. Landlord must give written permission in advance of any installations. A pre-approved, licensed installer shall perform all installations. Landlord shall be provided a receipt of proof that said pre-approved installer performed the work. Any damages to Premises for said installation shall become the sole financial responsibility of Tenant.

14. ASSIGNMENTS AND SUBLETTING. Tenant covenants that Tenant will use the premises for the purpose of a private dwelling only for the Tenant and not for any office or commercial use and that he will not allow anyone to share said premises or any part thereof without the Landlord's written consent. No person shall reside in the premises on a regular or semi-regular basis other than those named in Tenant's lease application filed with Landlord or Landlord's agent. Tenant agrees and covenants with Landlord that Tenant is forbidden to sublease the premises or assign this agreement directly or indirectly to another person or persons without the expressed written consent of the Landlord. In the event that a person is found to be living in the Premises, evidenced by an established bedroom within the Premises or by occupancy of the Premises for more than 4 days within a month, the Tenant shall pay a fine to Landlord of \$500 per day the person continues to occupy the Premises.

15. INSURANCE. At Tenant's sole cost and expense, Tenant shall purchase renter's form homeowner's insurance coverage providing for personal liability (bodily injury and property damage) coverage with a limit of not less than \$100,000.00 each occurrence and, further, to keep Tenant's personal property on and in the Premises insured for the benefit of Tenant, during the term of this Lease, and any renewal or extension thereof, against loss or damage resulting from broad form named perils on a replacement cost basis. Such policy shall name Landlord as a named insured. Tenant Initials: _____

16. CITY/COUNTY ORDINANCES/FINES. The Tenant is responsible for obeying all City, County, State and Federal ordinances, laws, and/or regulations and is responsible for all fines incurred due to the non-compliance of same. If the fine assessed to the Landlord is due to the Tenant's noncompliance of the ordinance, the Tenant is responsible for the prompt reimbursement of the fine to the Landlord and this reimbursement shall be considered as additional rent.

17. SMOKE DETECTORS. As of occupancy, each floor of the Premises contains a smoke detector in a proper working condition. If the smoke detector is not functioning or is missing at any time during Tenant's occupancy it is the Tenant's responsibility to notify Landlord in writing in accordance with Section 40 herein. Upon such notification Landlord will install, replace, or repair said smoke detector. It shall be the responsibility of the Tenant to keep all smoke detectors in a proper working condition or to contact Landlord to repair same. It shall be the responsibility of Tenant to provide operating

Tenant Initials: _____

batteries for same as needed. If a repair visit is made due to batteries being inoperable and said detector is functioning with new batteries installed, Tenant shall be charged an unnecessary visit fee of fifty dollars (\$50.00).

18. REPAIRS. Landlord shall be responsible for repairs to the Premises, its equipment and appliances furnished by Landlord, except that Tenant agrees to pay the cost for all labor and material for repairs or replacement if the damage or malfunction to the Premises, its equipment or appliances or any other part of the apartment building, is due to the acts or omissions of Tenant, Tenant's family, guests, agents or employees. Tenant agrees to immediately pay the cost of the same, as additional rent, upon presentation of the bill to the Tenant by the Landlord. Tenant shall immediately notify Landlord, in accordance with Section 40 of this lease, of any defective condition that comes to Tenant's attention. Tenant shall indemnify Landlord for any liability, loss or damage incurred by Landlord as a result of Tenant's failure to so notify the Landlord of such defective condition. The Tenant will pay all damages to doors, locks and windows by break-in or vandalism, etc. Tenants are prohibited from changing locks. Should the Tenant need the locks changed for any reason, this can only be done by Landlord's agent and Tenant agrees to pay the cost of the locks/labor, due and payable when locks are changed. If Tenant locks themselves out of their house, Landlord will send agent out to let Tenant into premises; however, the Tenant agrees to pay \$50.00 payable at the time agent lets Tenant into premises. If damage should occur to the premises, such as broken pipes, due to insufficient heat being maintained by the Tenant, Tenant will be responsible for paying all costs for materials and labor due to the repair of said damage. If a high water bill occurs due to the breaking of such pipes, or the failure of the Tenant to report a leak or other problem to the Landlord's office, Tenant will be responsible for paying the water bill. Tenant acknowledges that should Tenant run out of oil, or use a low grade oil and it is necessary for the Lessor to send a heating serviceman out to the unit either a) to tell the Tenant that they have no heat because they ran out of oil, or b) it is necessary for the Lessor to send a serviceman out to bleed the lines in the furnace because the Tenant had run out of oil, then Tenant agrees that the Tenant must pay, as additional rent, the cost of the service call for the serviceman to the Landlord within fifteen (15) days of receiving a bill from the Landlord. If Landlord, a repairman, or other agent of Landlord's inspects dryer filter and/or air filter and finds that Tenant has not been cleaning same, a fifty-dollar (\$50.00) charge will be paid by Tenant to Landlord. If, for any reason, Tenant cannot find said filters, Tenant must notify Landlord immediately. If repairman reports that damage was due to Tenant not changing/cleaning same, the total cost of repair or replacement of said heating and air-conditioning system and/or dryer shall be at the total cost of Tenant. Tenant agrees that if any member of Tenant's household, his agents, guests or visitors shall cause damage to the appliances of Landlord's, Tenant agrees to pay cost of repairing such damage, or if damaged beyond repair, Tenant agrees to pay costs and installation fee, if any, for new appliances. Tenant shall not install any appliance of their own without the written consent of the Landlord or his agent. The Landlord will furnish and maintain in operation in the leased premises the following appliances: Washer, Dryer, Refrigerator, and Stove. Tenant acknowledges that should the refrigerator become inoperative for any reason, Lessor is not responsible for the cost of any loss of any food items in the refrigerator. Lessor agrees that he will contact a refrigerator service technician during normal business hours as soon as possible after problem is reported to the Landlord's office.

19. RULES AND REGULATIONS. A list of rules and regulations is attached and made a part of this Lease Agreement ("Rules and Regulations") as Exhibit A. The Tenant, Tenant's family, Tenant's employees, Tenant's agents, and Tenant's guests will observe and comply with the Rules and Regulations set forth in this Lease and which are to be considered a part hereof, and with such further Rules and Regulations as Landlord may adopt, effective ten (10) days after Landlord gives Tenant written notice thereof. It is further agreed that the Landlord may modify these Rules and Regulations and that a violation of the Rules and Regulations after such ten (10) day notice is a default under this lease. Any single (or multiple) violation of these Rules and Regulations shall be grounds for eviction. Tenant will not make or permit any unseemly or disturbing noises or conduct by the Tenant, Tenant's family, or guests; nor do or permit any illegal or immoral conduct or obstruct or interfere with the rights, comforts or convenience of other Tenants or occupants of adjoining, apartments or neighboring properties. Tenant will not knowingly permit any person of bad or loose character or of improper behavior to enter the Premises or to remain on said Premises. If the Landlord shall at any time deem the tenancy of the Tenant undesirable by reason of any failure by Tenant or his family, friends or guests to abide by said Rules and Regulations (including further amendments thereof) or by reason of the Tenant's causing disturbances to the neighbors or the surrounding area, such acts shall constitute a breach of the lease, and the Landlord shall be entitled to evict the tenant and to enter and take repossession of the premises. Further, if Landlord is notified that said Premises are violating said rules and regulations, Landlord shall have the right to call the Salisbury City Police to investigate the Premises.

20. VACATING PREMISES: It shall be the Tenant's responsibility to provide the Landlord with address(s) of all parties for the return of said security deposit. Said security deposit shall earn interest at the rate of two percent (or the then current rate required by law) per six-month period while held by Landlord which shall be paid to Tenant upon expiration of this Lease Agreement. The Tenant shall have the right to be present when the Landlord inspects the Premises after the Tenant quits and surrenders the Premises, if the Tenant notifies the Landlord by certified mail of the Tenant's intention to move, the date of moving, and the Tenant's new address. The notice of attendance at inspection to be furnished by the Tenant shall be mailed, in accordance with Section 40 of this lease, to the Landlord at least fifteen (15) days prior to the date of moving. Upon receipt of the notice, the Landlord shall notify the Tenant of the time and date when the premises are to be inspected

21. CONDITION OF PROPERTY UPON VACATING PREMISES. Tenant will leave the Premises at the end of the Lease term in as good condition as received (reasonable wear and tear excepted) and will not, without written permission of the Landlord, make any alterations, additions or improvements (including painting and papering) to the Premises. All appliances and fixtures shall be left clean and in working order. If, for any reason any appliance or fixture needs to be cleaned by Landlord to bring said appliance to the same condition in the beginning of this Lease, there shall be a minimum charge of fifty dollars (\$50.00) to Tenant for cleaning. Tenant shall also be responsible for a minimum charge of one hundred fifty dollars (\$150.00) to have the floor coverings cleaned. Tenant shall clean all windows or there will be a minimum charge of twenty dollars (\$20.00) per window to be cleaned. Additionally, if any spackling, painting, door, or wall repair is needed to bring the Premises to its initial condition, there will be a minimum charge of fifty dollars (\$50.00) to Tenant for this cost to Landlord. Premises have been delivered to Tenant with window and sliding door blinds or curtains in place. Tenant shall be responsible that all blinds/curtains be in place when Tenant vacates. If any of these blinds/curtains are missing or in disrepair, Tenant will be charged twenty-five dollars (\$25.00) for each window blind and one hundred twenty dollars (\$120.00) for the sliding door blind or curtain. No blinds shall be installed in any color other than white or a light beige. If any other repairs are required, Landlord will present a repair bill for same to be paid by Tenant.

22. HOLDING OVER. The Tenant covenants that his occupancy of the said premises beyond the terms of this lease (known as holding over) shall not be deemed as a renewal of this lease for the whole term or any part thereof, but that the acceptance by the Landlord of rent accruing after the expiration of this lease shall be considered a renewal of this lease on a bi-monthly (2 month) basis only. **THE RENT SHALL BE SUBJECT TO A 200% RATE INCREASE IN ANY HOLD OVER**

SCENARIO. Every other term, covenant, and condition of this lease shall continue in force. Either party hereto may terminate this lease at the end of said term by giving to the other party written notice, in accordance with Section 40 of this lease, thereof at least sixty (60) days prior thereto. Once lease is bi-monthly, the Tenant cannot give notice during the months of October, November, December or January. Notice must be given prior to the end of the month for the next full bi-monthly rental period. All lease terminations must be for the last day of the month. If notice is given any other day than the last day of the month, then the sixty (60) day notice shall take effect the first day of the next full month (bi-monthly rental period). No months shall be prorated for the purpose of lease termination. i.e. If notice is given on the 1st through the 30th (or 31st) of month "A", then the notice takes effect on the 1st day of month "B" and the lease would terminate on the 30th (or 31st) day of month "C" - a full bi-monthly rental period (Months "A", "B", and "C" referring to any three consecutive months of the year).

23. **SURRENDER OF PREMISES.** If Tenant does not surrender the Premises at the end of the Lease term, or any renewal or extension thereof, Tenant will reimburse to Landlord the cost all of the damages which Landlord suffered as a result thereof, and will further indemnify Landlord against all claims made by any succeeding Tenant against the Landlord founded upon delay by the Landlord in delivering possession of the Premises to said succeeding Tenant, so far as such delay is caused by the failure of Tenant to surrender the Premises.

24. **ABANDONMENT.** Abandonment of the Premises shall be deemed to have occurred when the Tenant has removed the bulk of Tenant's furnishings, including all or most major pieces of Tenant's furniture and other personal possessions of Tenant from the Premises. Photographs or written lists by Landlord shall be sufficient proof of such abandonment. Landlord further shall have the right to remove and discard any minor items or furnishings left behind by Tenant without compensating Tenant for such items. A fee of one hundred fifty dollars (\$150.00) per full or partial pick-up load shall be charged to Tenant. If abandonment has occurred, Tenant shall forfeit any remaining balance in security deposit to Landlord as liquidated damages.

25. **RE-ENTRY OF PREMISES.** In the event Tenant abandons the Premises or is required to vacate the Premises due to Landlord exercising its rights upon Tenant's breach of Lease, then the Landlord shall have the right to enter the Premises for the purpose of making alterations and repairs, and may relet the Premises for a term which may at Landlord's option be less than or exceed the period which would otherwise have constituted the balance of the term of this Lease, or any renewal or extension thereof, all without relieving the Tenant of the liabilities imposed by applicable law and this Lease Agreement. Landlord shall further have the right, without further notice, to sell or otherwise dispose of any personal property left in or about the Premises or storage area by the Tenant, after the Tenant has vacated.

26. **LEASE VIOLATIONS.** If any of the representations made in Tenant's lease application or in the guaranty of said Lease Agreement are misleading or untrue, or if Tenant, Tenant's family, or guests violate any provision of this Lease, or any rule or regulation herein imposed, then Landlord may treat such representation or Lease violation as a forfeiture under the terms of this Lease, with Tenant's possession of the Premises terminating on the date specified in Landlord's notice. Under such circumstances, Landlord may re-enter and take possession of the Premises by utilizing applicable Law. If Tenant's possession of the Premises should be so terminated, or if the Premises should otherwise become vacant during the term of this Lease, or any renewal or extension thereof, Tenant will remain liable to the Landlord for the rent through what would have been the expiration date of this Lease, or any renewal or extension thereof, had Tenant's possession not been so terminated; and shall further remain liable for such other damages sustained by the Landlord due to Tenant's breach of Lease and/or Tenant's termination of possession of the Premises as long as such liability is not expressly prohibited by applicable law. Such other damages shall include, but are not limited to, costs incurred in recovering possession of the Premises (such as rental commissions, administrative expenses and a proportionate share of advertising expenses), utility costs for the Premises while same remained vacant, and costs incurred in repairing the Premises.

27. **ADMINISTRATIVE AND ATTORNEY FEES.** In the event Tenant, Tenant's family, agents, employees or guests violate any term or provision of this Lease (other than Section 11), or the rules and regulations thereof, Tenant shall pay to Landlord, in addition to any other damages and expenses incurred by Landlord as a result thereof, an Administrative Fee in the amount of ten percent (10%) of the Tenant's then current monthly rent to help defray Landlord's costs incurred in connection with having Tenant remedy such Lease violation. For example, if the Landlord files court papers on the Tenant because of the tenant's violation of this lease, in addition to all other charges, there will be an Administrative Fee charged equal to 10% of the tenant's current rate. This fee shall be paid as additional rent. Should Landlord employ an attorney because of any such violation, the Tenant shall pay in addition to the aforesaid Administrative Fee, and not in lieu thereof, a reasonable attorney fee of \$200.00 if actually incurred by the Landlord in connection with the consultations regarding the default. Tenant shall be liable for such attorney fees whether or not Landlord institutes legal proceedings. However, where legal proceedings are instituted by Landlord against Tenant, Tenant agrees to pay unto Landlord, in addition to any other damages and expenses incurred by Landlord, additional attorney's fees of the greater of \$600.00 or 25% of the amount of the rent then due under the Lease in the event of an uncontested case, and in the event of a contested case, attorney's fees of the greater of \$950.00 or 1/3 of the amount of the rent then due unto this Lease. In the event that a collection agency is used by Landlord to collect from Tenant, Tenant shall be liable to pay Landlord an additional 40% of the Tenant's outstanding balance. Any debt, whether in the form of past due rent, utility charges, damages, or other fees, still outstanding 30 days after move out will be charged a 19% administrative fee on all monies owed. TENANT INITIALS _____

28. **JURISDICTION AND VENUE.** As additional consideration for Landlord's agreement to enter into this Lease, Tenant agrees that in the event Landlord in its sole discretion determines suit to be necessary, Tenant shall be subject to the jurisdiction of the State and County in which the Premises are located within.

29. **LEASE.** Landlord and Tenant stipulate and agree that this Lease was made and entered into in the State and County in which the Premises are located within.

30. **PREJUDGMENT INTEREST.** If Tenant violates this Lease Agreement and said violation results in a monetary loss to Landlord, then Landlord shall be entitled to prejudgment interest at the rate of ten percent (10%) per annum, on the amount due Landlord, from the date the Landlord mails its written list of damages to Tenant.

31. **WAIVER.** The failure of the Landlord to insist upon a strict compliance with any of the covenants, rules or regulations of this Lease, or to exercise any option herein contained, shall not be construed as a waiver of such covenant, rule, regulation or option, but that all covenants, rules, regulations and options shall remain in full force and effect. Landlord shall not be liable or responsible to Tenant for the violation of any covenant, rule or regulation in any other lease by any other Tenant. Receipt by the Landlord of rent with the knowledge of the violation of any term or provision of this Lease or the rules or regulations thereof, shall not be deemed a waiver of such breach.

32. **INTERRUPTION OF SERVICE.** The Tenant will receive no rent reduction, nor will Landlord be liable to Tenant, due to repairs or interruption of services to utilities, appliances or equipment in or about the Premises or due to defects in the Premises not caused by Landlord's fault, omission, negligence or other misconduct; or due to the inability of Landlord to obtain proper fuel, utilities, or repair/replacement parts. In case it shall become necessary at any time, from accident or repairs, or to improve the condition or operation of the Premises, or any equipment or utilities appertaining thereto, Landlord may stop/curtail the operation of said equipment or utilities, but in such case due diligence shall be used to complete the work.

33. **DAMAGES TO PREMISES.** In case of injury to the Premises by fire or the elements (not caused by the fault, omission, negligence, or other misconduct of Tenant, Tenant's family, employees, agents or guests), the Landlord will repair the damage, the rent being suspended only for such time as the Premises, in the sole opinion of Landlord, shall remain untenable; but if the Premises are so damaged that the Landlord shall decide that it is not advisable to repair the Premises with the Tenant occupying same, this Lease shall terminate and the Tenant shall only be liable for rent to the date of injury.

34. **RIGHT OF ENTRY.** Landlord has the right, after: 1) written notice (mailed or posted on the Premises 24 hours in advance) or 2) oral notice or 3) in the case of emergency, without notice to enter the Premises at any time by master key or by force, if necessary, to inspect the Premises, to make repairs/alterations in the Premises or elsewhere on Landlord's property, to protect the Premises from damage or casualty, to enforce any provision of this Lease, or to show the Premises to prospective future tenants or purchasers without being liable to prosecution therefore, or damages by reason thereof. If Landlord cannot reach Tenant by telephone then Landlord shall be permitted to enter the Premises without notice for any of the reasons stated above.

35. **SUBORDINATION OF LEASE.** This Lease is subject and subordinate to any mortgage or deed of trust now or hereafter covering the property of which the Premises leased hereby is a part and is subject and subordinate, also, to any extension, renewal, modification, replacement or consolidation of any such mortgage or deed of trust. The provisions of this Section shall be self-operative and no further instrument of subordination shall be necessary. However, the Tenant, promptly upon the request of the mortgagee under any such mortgage or any trustee or beneficiary under any such deed of trust, shall execute, acknowledge and deliver such further instrument of subordination, in recordable form, as such mortgagee, trustee or beneficiary may require. Tenant hereby constitutes and appoints Landlord, as Tenant's attorney-in-fact to execute any such instrument for and on behalf of Tenant. Promptly upon the request of any person succeeding to the interest of the interest of the owner of the property of which the Premises hereby leased is a part, whether through the enforcement of any remedy provided for by law or by any such mortgage or deed of trust or as the result of any voluntary or involuntary conveyance or other transfer of such interest in lieu of foreclosure, the Tenant automatically, without the necessity of executing any further document, will become the Tenant of such successor in interest. The Tenant, promptly upon the request of any such successor in interest, shall execute, acknowledge and deliver such instrument or instruments confirming the attornment provided for by this Section, as such successor in interest may require.

36. **SEVERABILITY.** If any provision of this Lease or application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of this Lease which can be given effect without the invalid provision or application; and to this end, the provisions of this Lease are declared to be severable.

37. **INDEMNIFICATION.** Tenant will indemnify and save harmless the Landlord against all liability, including liability arising from death or injury to person or property, during the term of this Lease, and any renewal or extension thereof, caused by any act or omission of the Tenant, or the family, guests, agents or employees of the Tenant. Tenant shall indemnify and save Landlord harmless from all liability, damage or expense incurred by Landlord as a result of death or injury to persons, or damage to property (including the Premises) where this Lease Agreement required the Tenant to procure insurance for said liability, damage or expense, and Tenant failed to do so.

38. **LIABILITY OF LANDLORD.** Landlord shall not be liable for any damage or loss to person or property caused by other tenants or other persons, or caused by theft, vandalism, fire, water, smoke, explosions or other causes unless the same arises solely from the omission, fault, negligence or other misconduct of the Landlord. Failure or delay in enforcing Lease covenants of other tenants shall not be deemed to be negligence, omission, fault or other misconduct of the Landlord. Anything contained in this Lease to the contrary notwithstanding, Tenant agrees that Tenant shall look solely to Landlord's equity in the Premises for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms and provisions of this Lease to be kept, observed and performed by Landlord.

39. **LEAD PAINT.** Tenant acknowledges that the Landlord has advised Tenant that the Premises may contain lead based paint. Tenant understands that eating or chewing paint, plaster or household dust that contains lead can result in lead poisoning, which can cause serious harm to unborn babies and children particularly under six (6) years of age. Areas of particular concern are chipping, flaking, loose or peeling paint, plaster or wallpaper on doors, windows, woodwork and wood trim. Tenant agrees to immediately notify Landlord, pursuant to Section 40 - Notices of this Lease Agreement, of any such condition which Tenant observes within the Premises.

Tenant hereby acknowledges the receipt of the following lead paint information packet from the Landlord containing the following pamphlets:

1. NOTICE OF TENANT'S RIGHTS

2. PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME

Tenant has hereby provided the names and ages of all persons who will be occupying the property for at least 24 hours per week:

Name: _____	Age: _____	Tenant Initials: _____ / _____
Name: _____	Age: _____	
Name: _____	Age: _____	_____ / _____
Name: _____	Age: _____	

Tenant hereby acknowledges that he/she will immediately notify the Landlord in writing, pursuant to Section 40 of this Lease, of changes (additions or deletions) to this list.

40. NOTICES. All notices from Tenant to Landlord shall be sent by Registered or Certified mail, return receipt requested, and addressed to Landlord, c/o Salisbury Housing, P.O. Box 1007, Salisbury, Maryland 21802 or to such other address as Landlord may, from time to time, designate in writing. All notices from Landlord to Tenant shall be delivered orally, personally, to the Premises, or sent by First Class or Certified Mail, addressed to Tenant at the Premises. If more than one person shall be Tenant hereunder, notice given to or by any one of them shall bind all.

41. TENANT'S OFFER TO LEASE. The execution of this Lease Agreement by Tenant shall constitute an offer to Landlord to Lease the Premises which is irrevocable for 45 days after the date the Lease Agreement was signed by Tenant. In the event that there is more than one Tenant who has signed the lease the offer to lease the premises shall be irrevocable for 30 days from the date of the last tenant signature to the Lease. During this 45 day period Landlord, may, at Landlord' option, investigate the qualification of the Tenant including, but not limited to any one or more of the following: past landlord verification, lease guaranty completion (if applicable), employment verification and background check. In the event that Landlord determines, in Landlord's sole discretion, the Tenant qualifies for this Lease, Landlord may execute this lease thereby creating a binding Lease between Landlord and Tenant for the Premises. In the event Landlord accepts the offer, a copy of the executed Lease shall be mailed to Tenant. If Landlord does not accept the offer by execution of the Lease within 45 days of Tenant's execution, the offer shall be deemed revoked.

41. SECTION HEADINGS AND NUMBERS. Section Headings and Section Numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, construe or describe the scope or intent of such sections or in any way affect this Lease.

42. HEIRS AND ASSIGNS. This Lease, and all covenants, conditions, rules and regulations herein contained, are binding upon and shall inure to the benefit of the successors and assigns of the Landlord and the personal representatives and those assigns of the Tenant who shall have been approved in accordance with Section 14 of this Lease.

43. ENTIRE AGREEMENT. This Lease contains the entire Agreement between Landlord and Tenant, and can only be changed in writing, signed by both parties.

I (We) have read all of the pages of this Lease and any attachments and/or exhibits and I (we) fully understand and agree to the above and have received a copy of this agreement.

IN WITNESS WHEREOF the parties hereto have set their hands and seals the day and year first above written.

ATTEST/WITNESS:

Date

_____(Seal)
Tenant: Cameron M. Egerton

Date

_____(Seal)
Tenant: Timothy M. Slater, Jr.

OT 2000, L.L.C.

By: _____(Seal)

Tenant Initials: _____

Date

Property manager

Exhibit A

TENANT HEREBY AGREES TO THE FOLLOWING RULES AND REGULATIONS:

PETS. 1. TENANT WILL NOT keep any pets in or about the Premises without the written permission of the Landlord. If Tenant is given written permission to keep a pet(s) on said premises, Tenant shall render unto Landlord an extra monthly sum of One Hundred Dollars (\$100.00) per pet. If an unauthorized pet is found at said Premises during the term of this Lease Agreement, Tenant agrees to pay Landlord a fine of Five Hundred Dollars (\$500.00) along with any other costs associated with the damage caused by said pet. Any and all fines or fees associated with the Tenant having a pet on the Premises shall be deemed as additional rent.

APPLIANCES. 2. TENANT WILL NOT install any washing machines, dryers, dishwashers, air conditioners, or other appliances in the premises without the written consent of the Landlord.

FURNITURE. 3. TENANT WILL NOT keep any water-containing furniture in the Premises.

WALLS AND WOODWORK. 4. TENANT WILL NOT drive nails into the woodwork or walls of the Premises. Only picture hanging tacks are permitted Absolutely NO adhesive tape or material is to be used. Tenant shall be responsible for any damage caused by this negligence.

WALLPAPER AND PAINT. 5. TENANT WILL NOT apply contact paper, wallpaper, or other wall covering to the Premises, and will not change the type or color of paint within the Premises from that utilized by the Landlord without the Landlord's prior written consent.

PORTABLE HEATERS. 6. TENANT WILL NOT store, install or operate, in or about the Premises, any type of portable heaters. **KEROSENE HEATERS ARE ABSOLUTELY NOT ALLOWED!**

LOCKS. 7. TENANT WILL NOT change the locks on the doors of the Premises or install additional locks, chains or other fasteners without the prior written permission of the Landlord. Upon termination of the tenancy, all keys to the Premises must be returned to the Landlord. If Tenant shall fail to comply with this rule, Tenant shall pay Landlord Seventy Five Dollars (\$75.00) for reimbursement of the cost of changing or re-keying the locks.

APPLIANCES AND UTILITIES. 8. TENANT WILL NOT misuse or overload appliances or utilities furnished by the Landlord. TENANT WILL NOT leave water running anywhere on the premises.

ADVERTISING. 9. TENANT WILL NOT display any advertisement, sign, or notice, inside or outside the Premises.

WIRES AND ANTENNAS. 10. TENANT WILL NOT install any wire, cable, satellite dish or antenna for radio, television or other appurtenances in or on the Premises without the prior written consent of Landlord.

FIRE RISK. 11. TENANT WILL NOT store in the Premises or any storage area any material of any kind or description that is combustible, or would increase the risk of fire.

LAW AND INSURANCE. 12. TENANT WILL NOT do anything that would violate any law or increase the insurance rates on the building in which the Premises are situated.

THROWING OF ARTICLES. 13. TENANT WILL NOT throw, or allow to be thrown, anything out of the windows or doors or down the passages of the building, or from the balconies or patios. TENANT WILL NOT store anything in the hallways, stairways, or common areas of the building. No motorcycles, mopeds or vehicles shall be allowed to be parked on the lawn or porches of any premises. Children shall not play in public hallways.

WINDOW SILLS. 14. TENANT WILL NOT place anything on the outer edges of the sills of windows.

CLEANING OF RUGS, MOPS, ETC. 15. TENANT WILL NOT shake or clean any tablecloths, rugs, mops or other articles in any of the public halls or from any of the windows, doors or landings of the Premises of the building in which the Premises are situated.

CANVASSING. 16. TENANT WILL NOT cause the distribution in common areas of the apartment building, or under apartment doors, of handbills, circulars, advertisements, papers or other matter which, if discarded, would tend to litter such area. Canvassing, soliciting and peddling in the apartment building is prohibited. The foregoing shall not prohibit Tenant from using direct mail solicitation or advertising in the regular communications media.

STORAGE AND PLAY EQUIPMENT. 17. TENANT WILL NOT install or erect any permanent or portable swimming or wading pools, playground equipment, storage sheds or other facilities anywhere on the property on which the Premises are located.

CONSUMPTION OF ALCOHOL/LOUD DISTURBANCES: 18. TENANT WILL NOT allow the consumption of alcoholic beverages outside the premises (this includes porches, roofs, yards, lawns, etc.) by anyone, whether Tenant or visitors. Loud music or any other disturbance that can be heard two feet away from a closed door or ten feet away from an open window or door) will not be tolerated at any time. A single violation of this rule will be grounds for immediate eviction.

UNTAGGED/INOPERABLE VEHICLES. 19. TENANT WILL NOT work on any vehicles on the property. Untagged or inoperable vehicles are not allowed on the property and will be towed at Tenant's expense.

GARBAGE AND RUBBISH. 20. TENANT WILL place Tenant's garbage and rubbish for disposal only as Landlord directs.

STORAGE AREAS. 21. TENANT WILL only utilize such storage areas, if any, which are assigned to Tenant and shall allow Landlord to enter any storage area improperly utilized by Tenant and to remove the contents thereof and to dispose of or store the same at the expense and risk of Tenant. Tenant will provide a lock for the storage area utilized by Tenant unless Landlord has already provided (i.e. storage units directly attached to premises).

CONDITION OF PREMISES. 22. TENANT WILL keep balconies and patios free of all personal belongings, except that Tenant may maintain lawn furniture thereon provided the same is maintained in a neat and orderly manner.

DISPOSAL OF GREASE, ETC. 23. TENANT WILL dispose of grease or other drain-blocking material or waste in a sealed container (i.e. glass jar) and throw away as rubbish. Tenant shall not dispose of grease or other drain-blocking material or waste in the plumbing or drains of the Premises, and if Tenant causes blockage of such plumbing or drains, Tenant shall reimburse Landlord for all resulting costs of repair or replacement.

PAINT. 24. TENANT WILL notify Landlord, pursuant to Section 40 of this Lease, of any loose, peeling, flaking or chipping paint or wallpaper, or cracked plaster, found either on the inside or on the outside of the Premises.

HEATING OF PREMISES. 25. TENANT WILL keep the Premises heated to a minimum temperature of 50 degrees F°. during cold weather by using the heating equipment on or at the Premises and not by using the stove or other appliances. Tenant shall reimburse Landlord for all costs incurred by Landlord in repairing or replacing frozen pipes serving the Premises if such freezing is the fault of Tenant, or Tenant's family, employees, agents or guests.

NO PARTIES, GROUP MEETINGS, ETC. 26. No Tenant, family member of Tenant, agent, employee, guest or invitee of Tenant may conduct or participate in, on the grounds of any property owned by the Landlord, any yard sales, parties, carnivals, rallies, or other group meetings or activities without the prior express written permission of the Landlord. A single violation of this rule is grounds for immediate eviction. In the event that this rule is violated there will be fee charged (in addition to any other charges triggered) to the Tenant(s) of One Thousand Dollars (\$1,000.00).

Tenant Initials _____

TELEPHONE SERVICE 27. Tenant understands that Tenant is required to have a telephone installed at the premises within two weeks of taking possession of premises and to provide Landlord with telephone number to premises. Should Tenant not get a telephone at premises, fail to give Landlord telephone number or change number and fail to notify Landlord, Tenant understands that Tenant will then be in breach of contract and Landlord may seek possession of premises under breach of contract. Landlord is not responsible for inside wiring should Tenant require additional phone connections inside of premises. The Tenant agrees to notify Landlord immediately of any change in employment or telephone number and failure to do so will be considered a breach of this lease contract.

SIGNS. 28. Tenant further agrees that Tenant will not place, install or permit any sign on or visible from the exterior of the Premises except a small card with Tenant's name at each entrance to the Premises, or with Landlord's written permission, an exterior "No Trespassing" sign.

DECKS & PORCHES. 29. Tenant shall keep decks and porches free of all personal belongings, except that Tenant may store lawn furniture, grills, or bicycles thereon provided the same is maintained in a neat and orderly manner. Deck and porches may NOT be used for storage of trash, recycle bins, motorcycles, or other items.

WINDOW TREATMENT(S). 30. Tenant shall not install or cause to be installed any objects on windows which can be seen from the outside unless they are blinds or curtains of a single neutral color throughout the property. Specifically, no tapestries or sheets shall be used as window coverings.

LAWN & GROUNDS MAINTENANCE. 31. LANDLORD WILL hire and administer a professional landscaper to keep the yard, cellar, flower beds, sidewalk and curb clean and free of weeds, the grass cut and the bushes trimmed. The cost of such lawn maintenance will be billed to the Tenant by Landlord as additional rent as the Landlord is billed for such services. The Tenant will keep all sidewalks and steps on or about the Premises clear of ice and snow.

Tenant Initials _____

PARKING PERMITS. 32. Tenant will be responsible for any and all permits required to park on the streets surrounding the property. The cost, registration and renewal of such parking permits shall be the sole responsibility of the Tenant.

MISCELLANEOUS. 33. If Landlord has to dispose of any trash or debris attributable to Tenant, an hourly fee of fifty dollars (\$50.00) per hour (with a minimum charge of one hour) will be assessed as additional rent and shall be due immediately. Tenant will pay the cost of exterminating insects and pests in the Premises. It is agreed that the Landlord does not supply, repair, replace or install storm doors, storm windows, screen doors, window screens or shades, mailboxes, fuses, light bulbs, smoke detectors (except if required by law), batteries, furnace filters, laundry wash trays, janitor service, garbage collection or any items or services not specifically listed as supplied in this lease contract.

FIREPLACES. 34. Fireplaces are for decoration only therefore they are not functional and can not be used.

Tenant Initials: _____
