

**IRREVOCABLE CONSENT TO AMENDMENT TO
DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT**

THIS IRREVOCABLE CONSENT TO AMENDMENT TO DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT ("Irrevocable Consent") made this _____ day of _____, 2008, to **THE COMMISSIONERS OF ST. MICHAELS** ("Town"), a Maryland municipal corporation, by **THE MIDLAND COMPANIES, INC.** ("Midland"); **ST. MICHAELS POINT, L.L.C.** ("Point"); **MILES POINT PROPERTY, LLC** ("Miles" or "Owner"), a Maryland limited liability company; **TND DEVELOPMENT, INC.** ("TND Inc." or "Developer"), a corporation organized and existing under the laws of the State of Maryland.

RECITALS

1. Owner is the owner and Developer is the developer of the land known as the "Perry Cabin Land", located entirely within the corporate boundaries of the Town, and being more particularly described as all that land described in the deed dated August 11, 2004, from Harry C. Meyerhoff to the Owner, recorded among the Land Records of Talbot County, Maryland, in Liber 1268, folio 312, *et seq.*

2. Owner is the owner and Developer is the developer of the land commonly known as the "Miles Point Property", located entirely outside of the corporate boundaries of the Town adjacent to the Perry Cabin Land, and being more particularly described as all that land described in the deed dated August 31, 2001, from Elsie W. Hunteman to the Owner, and recorded among the Land Records of Talbot County, Maryland in Liber No. 1019, folio 93, *et seq.*

3. Midland, Point, Miles, TND Inc., and the St. Michaels Planning Commission on behalf of the Town, have previously entered into a Development Rights And Responsibilities Agreement dated February 16, 2004, and recorded among the Land Records of Talbot County, Maryland, in Liber M.A.S. No. 1225, folio 405 *et seq.* (the "DRRA"), and a Renewed, Restated And Confirmatory Development Rights And Responsibilities Agreement dated April 8, 2004, and recorded among the aforesaid Land Records in Liber M.A.S. No. 1240, folio 802 *et seq.* (the "Confirmatory DRRA").

4. The DRRA and Confirmatory DRRA contemplate, but do not contractually require the Town to approve, development of the Perry Cabin Land for a traditional neighborhood zoning format ("TND") consisting of 279 dwelling units, and annexation and development of the Miles Point Property as an expansion of the Perry Cabin Land TND consisting of an additional 41 dwelling units.

5. The DRRA and Confirmatory DRRA rely on the Annexation Agreement dated October 28, 2003, recorded among the Land Records of Talbot County, Maryland in Liber No. 1225, folio 220, *et seq.*, as amended by the document dated February 18, 2004 and recorded among the Land Records in Liber No. 1225, folio 591, which amendment was re-recorded among the aforesaid Land Records in Liber No. 1262, folio 252.

6. The Annexation Agreement, as amended aforesaid, was rendered invalid by implication by the judicial decision which invalidated the annexation of the Miles Point Property which was initiated in 2003, and is expressly voided by the parties thereto by the terms of the 2008 Annexation Agreement, as hereafter identified.

7. On or about March 22, 2006, the Town approved IDA growth allocation for the Perry Cabin Land, based on a growth allocation concept plan known as the "Miles Point 3-150 Plan" or the "MP3-150 Plan", which contemplates traditional neighborhood development overlay ("TND") zoning for a development consisting of, among other things, and 279 dwelling units and 24 inn units.

8. Owner and Developer have petitioned the Town to annex the Miles Point Property to the Town, subject to the terms and conditions of an Annexation Agreement proposed between the Town, Owner and Developer relative to the Miles Point Property (the "2008 Annexation Agreement").

9. The 2008 Annexation Agreement, by its terms, requires that the Miles Point Property be developed to consist of either: (1) two single-family residential lots, unassociated with MP3-150 Plan or any other development; or (2) as an expansion of the MP3-150 Plan in a TND format, allowing for some of the dwelling units previously permitted on the Perry Cabin Land according to the MP3-150 Plan to be relocated to the Miles Point Property, provided that the total number of dwelling units permitted on the Perry Cabin Land and the Miles Point Property shall not exceed 281 dwelling units.

10. The terms of the 2008 Annexation Agreement relating to how the Miles Point Property must be developed, as generally described in the preceding recital paragraph hereof, have been required solely by the Owner and Developer, without the exertion of any influence or pressure on the Owner or Developer by the Town.

11. The 2008 Annexation Agreement does not obligate the Town to approve the development of the Miles Point Property as an expansion of the MP3-150 Plan in a TND format, allowing for some of the dwelling units previously permitted on the Perry Cabin Land according to the MP3-150 Plan to be relocated to the Miles Point Property, provided that the total number of dwelling units permitted on the Perry Cabin Land and the Miles Point Property shall not exceed 281 dwelling units and 24 inn units.

12. The terms of the 2008 Annexation Agreement, relating to how the Miles Point Property must be developed, differ from the terms of the DRRA and the Confirmatory DRRA.

13. Because the Owner and Developer have made the annexation of the Miles Point Property to the Town subject to the terms of the 2008 Annexation Agreement which reduces the density of the proposed development plan from the development plan discussed in the DRRA and the Confirmatory DRRA, and the public has expressed concern whether this alteration may relieve the Owner and Developer of the obligation to provide land on the Miles Point Property to the Town for a waterfront park, the Owner and Developer are providing this Irrevocable Consent to the Town to confirm their obligation to donate certain acreage of waterfront property to the

Town for a public waterfront park in the event that the Miles Point Property is developed as a subsequent phase of the Miles Point 3-150' Plan in the manner described in the 2008 Annexation Agreement and also to confirm their obligation to pay for improvements that may be required to portions of Yacht Club Road pursuant to the Town's roads ordinance if annexed by the Town and if a street connection is established between Yacht Club Road and either a TND development on the Perry Cabin Land and/or the Miles Point Property.

14. Each party hereto hereby separately acknowledges that the Town shall have relied on the terms of this Irrevocable Consent in approving the annexation of the Miles Point Property to the Town.

CONSENT

NOW, THEREFORE, in consideration for the above Recitals, each of which are incorporated herein, the annexation of the Miles Point Property by the Town, and other good and valuable benefits and consideration, the receipt and sufficiency of which are hereby jointly and severally acknowledged by the undersigned, for the inducement of the Town to annex the Miles Point Property and for the benefit of the Town, Midland, Point, Miles, and TND, Inc. (collectively the "Owner/Developer") each hereby irrevocably consent and agree to the following:

1. In the event that the Miles Point Property is developed as a subsequent phase of the Miles Point 3-150' Plan, as modified to relocate some of the dwelling units from the Perry Cabin Land to the Miles Point Property such that the total number of dwelling units to be located on the Perry Cabin Land and the Miles Point Property do not exceed two hundred and eight one (281) dwelling units and no more than twenty six (26) units shall be located on the Miles Point Property, the Owner/Developer shall convey a minimum of 8.6 acres of land to the Town for a waterfront park, along with the improvements represented by the Owner/Developer in the IDA growth allocation proceedings for the Miles Point 3-150' Plan to be completed thereon. Of the minimum of 8.6 acres of waterfront park land to be conveyed to the Town, a minimum of 4.4 acres shall be conveyed from the Perry Cabin Land and a minimum of 4.2 acres shall be conveyed from the Miles Point Property.

2. In the event that the Town annexes Yacht Club Road pursuant to the terms of the 2008 Annexation Agreement or pursuant to an annexation agreement containing terms that are substantially the same as the terms of the 2008 Annexation Agreement, and in the further event that one (1) or more street connections is/are made between Yacht Club Road and the Miles Point 3-150' Plan, with or without inclusion of the Miles Point Property into said Plan, Miles Point shall bear all costs for all upgrades required to Yacht Club Road and/or the intersection of Yacht Club Road with Maryland Route 33 by the Town in accordance with the Town's road standards.

3. Amendment by the Town and/or by the St. Michaels Planning Commission ("SMPC") on behalf of the Town of the DRRA, as necessary, to incorporate the terms herein into the DRRA.

4. Neither the Town nor the SMPC shall be required, but shall have the option, at their sole discretion, for a period from the date hereof until two (2) years after the effective date of the annexation of the Miles Point Property hereby contemplated, to amend the DRRA or the Confirmatory DRRA in accordance herewith.

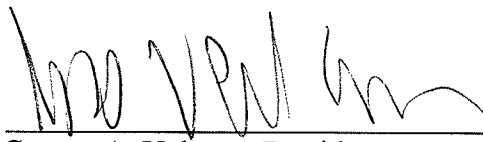
IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal on the date set forth above.

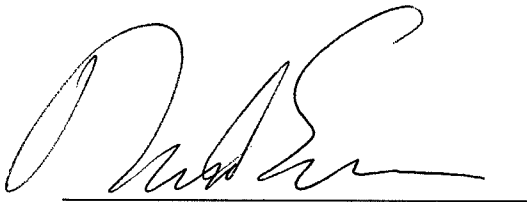
WITNESS/ATTEST:

DEVELOPER:

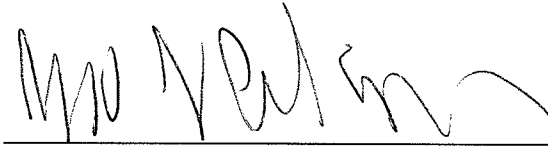


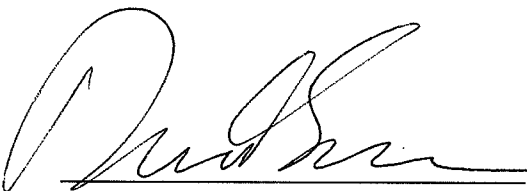
THE MIDLAND COMPANIES, INC.

By:  (Seal)
George A. Valanos, President

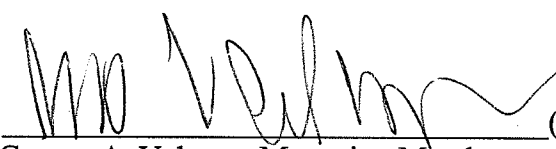


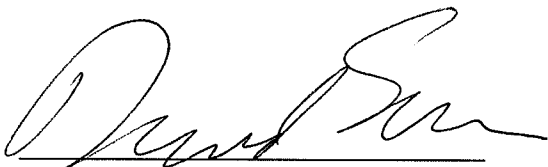
ST. MICHAELS POINT, L.L.C.

By:  (Seal)
George A. Valanos, Managing Member

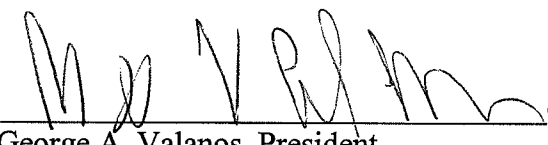


MILES POINT PROPERTY, LLC

By:  (Seal)
George A. Valanos, Managing Member



TND DEVELOPMENT, INC.

By:  (Seal)
George A. Valanos, President