

Townhouse Associates, L.L.C.

3 Lafayette Centre
Suite 300
1155 21st Street, NW
Washington, DC 20036-3308
(202) 973-5909

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MAY 1 9 30 AM '96

April 24, 1996

Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Supplement to
AOR 1996-13

RE: AOR 1996-13

Dear Mr. Noble:

This letter responds to your request for additional information regarding Townhouse Associates, L.L.C. ("TA") and the March 29, 1996, request for an Advisory Opinion as to the campaign-related use of a townhouse owned by TA. In addition to the answers provided below, I have attached a copy of the (1) Exhibit A to the Operating Agreement; and (2) the proposed lease between TA and Williams & Jensen. I apologize for the delay in getting this latter document to you. If you have any further questions, please do not hesitate to contact me.

Question: State the number of TA's Interest Holders other than the Members. State the percentage of interest each Interest Holder, other than the Members, has in TA. State the relationship of each of those Interest Holders has in the firm of Williams & Jensen, P.C. ("the Firm"). You do not have to provide the names of the Interest Holders.

Answer: Other than the 12 Members mentioned in my letter of March 29, there are no other Interest Holders in TA.

Question: State the number of persons who are Members of the Firm but are not Members of TA.

Answer: Two.

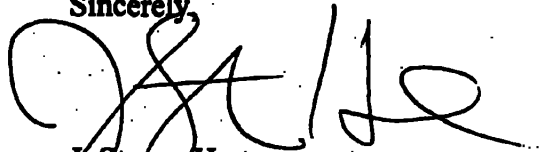
Question: State the Firm's role in the capitalization and funding of TA. In answering this question, state whether the equity for TA has been taken directly from the Firm with a corresponding reduction in the equity that each TA Member has in the Firm, whether the amounts for equity and other funding have been taken from the draws that each Firm Member who is a TA Member takes from the Firm, whether amounts have been taken from the Firm with the expectation that the Firm Members who are TA Members will reimburse the Firm, or whether Members of TA have provided funding from their own funds, other than by draws from

the Firm. Your response should address how capitalization and funding have occurred and how you expect they will occur in the future.

Answer: Each of the Members contributed an equal amount from his/her own personal funds. The equity for TA was not taken directly from the Firm with a corresponding reduction in equity that each TA Member has in the Firm, nor were any amounts taken from the Firm with the expectation of reimbursement. Please note that the Firm is a professional corporation, not a partnership, and the members of the firm do not receive draws. With respect to future funding, no Member of TA is required to contribute additional capital; it is expected that the rental payments from all sources will be sufficient to fund TA on a going forward basis.

Again, thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Steven Hart". The signature is stylized with large, sweeping loops and a long horizontal stroke at the end.

J. Steven Hart
Townhouse Associates, L.L.C.

LEASE AGREEMENT

This Agreement, made this 26th day of February, 1996, by and between WILLIAMS & JENSEN, P.C., hereinafter referred to as Tenant, and TOWNHOUSE ASSOCIATES, L.L.C., hereinafter referred to as Landlord.

1. **Property, Rental and Term:** Witnesseth, that Landlord has agreed to, and does hereby, let unto Tenant a portion of the Townhouse at 324 Independence Avenue, SE, Washington, DC, specifically, the middle room on the second floor for use as an office, 20% of the basement for use as storage space, and use of the entire first floor, subject to paragraphs 4, 4A, and 4B, hereof, (hereinafter referred to as the "premises"), unfurnished, for the term of 10 years commencing on the 1st day of March, 1996, and ending February 28, 2006, for the total rental of _____, payable in monthly installments of _____, the first installment payable on the execution of this Agreement and the remaining installments payable in advance, without notice, demand, set off, or deduction, on the 1st day of each ensuing month. Total monthly rent will be paid on due date.

2. **Rent Control:** TENANT ACKNOWLEDGES THAT, PRIOR TO EXECUTION OF THIS LEASE BY TENANT, LANDLORD HAS ADVISED TENANT THAT, PURSUANT TO SECTION 205 OF THE DISTRICT OF COLUMBIA RENTAL HOUSING ACT OF 1985, RENT INCREASES FOR THE PREMISES ARE NOT REGULATED BY THE RENT STABILIZATION PROGRAM (I.E., RENT CONTROL PROGRAM) OF THAT ACT, AND THAT THE PREMISES ARE EXEMPT FROM SAID RENT STABILIZATION PROGRAM. THE TYPE OF RENT CONTROL, EXEMPTION APPLICABLE TO THIS PREMISE IS AS FOLLOWS AND A COPY OF THE EXEMPTION FORM AND CERTIFICATION OF REGISTRATION EXEMPTION, BOTH DATE STAMPED AS RECEIVED BY THE RENTAL ACCOMMODATIONS AND CONVERSION DIVISION ARE ATTACHED TO THIS LEASE AND ARE DELIVERED TO TENANT (CHECK AS APPLICABLE):

- A. Unit whose owner(s) hold and operate four (4) or fewer rental units.
- B. Unit owned or subsidized by the District of Columbia or the Federal Government.
- C. Building constructed after DECEMBER 31, 1975.
- D. Building continuously vacant and not subject to rental agreements since January 1, 1985.

E. [] Building previously exempted under §206(a)(4) of the Rental Housing Act of 1980 (D.C. law 3-131).

F. [] Building for which a Building Improvement Plan has been executed under the Apartment Improvement Program or other DHCD multi-family assistance programs.

3. **Payment:** Rent shall be payable to Townhouse Associates, L.L.C., at 1155 21st Street NW, Suite 300, Washington, DC 20036. The place where rent is payable may be changed by written notice to Tenant. If any installment of rent is not received at the address under Section 3 above within 15 days from the due date, Tenant covenants and agrees to pay a Late Fee in the sum of \$35.00. It is further understood that the late period is NOT a grace period, and the rent is due and payable on the 1st day of each month.

4. **Use of the First Floor:** The Tenant has the right of first refusal with respect to use of the rooms on the first floor of the premises. From time to time, however, the Landlord may, with the prior consent of Tenant, and subject to the availability of the space, use the first floor rooms for receptions or other events. Whenever Landlord uses the first floor rooms, it shall be responsible for cleaning same, and for furnishing its own food, beverages, and other necessary supplies.

4A. **Basement Apartment:** Tenant acknowledges that Landlord will lease the basement apartment to an individual from time to time, and that such individual will have access to and be permitted to use the rooms on the first floor, also subject to Tenant's right of first refusal.

4B. **Bedrooms:** Tenant acknowledges that Landlord will rent (subject to receiving the necessary licenses from the District of Columbia) bedrooms one and three on the second floor on a daily and/or weekly basis. Such renters will have access to and be permitted to use the rooms on the first floor, also subject to Tenant's right of first refusal.

5. **Pets:** Tenant shall not keep or allow pets or animals of any kind on premises without written consent of Landlord.

6. **Acceptance:** Tenant acknowledges that it has examined the premises and acceptance of this Lease is conclusive evidence that said premises are in good and satisfactory order and repair unless otherwise specified herein.

7. **Maintenance:** Tenant shall keep the premises in good order and condition (except for ordinary wear and tear or damage caused by casualty or a Taking) and shall make all repairs and take all other actions necessary or appropriate to keep and maintain the premises, including exterior landscaping, in good order and condition. Landlord will not be liable for any labor, services, or materials furnished or to be furnished to Tenant, or to anyone holding the premises or any part thereof through or under Tenant. No mechanics' or other liens for any such labor or materials shall attach to or affect the interest of Landlord in and to the premises.

8. **Vehicle Parking:** No automobile, truck, motorcycle, trailer or other such vehicle shall be parked on the property without current plates and said vehicles must be in operating condition. Licensed vehicles may be parked only in garage, driveways, if provided, or in the street.

9. **Notification:** Tenant shall promptly notify Landlord of any defect, problems, or needed repairs, but shall not order such repairs on or about the premises without prior written approval from the Landlord. Any unauthorized repairs shall be at Tenant's expense and liability. Tenant hereby expressly agrees to limit or restrict any activity on the premises which could cause further damage or injury as a result of defect, problem or needed repair, until such time or as proper corrective action can be taken.

10. **Repairs:** In the event any repairs are performed by Tenant with Landlord's prior written authorization or made by Tenant in violation hereof, Tenant hereby warrants that such activity will be undertaken only if it is competent and qualified to perform it, assuring that the work done is safe and meets all applicable codes and statutes. Tenant warrants that it will be accountable for any mishaps or accidents resulting from such work it performs or causes to be performed by others, and that it will hold Landlord, the Agent and the manager of the premises free of liability or claims of other persons.

11. Trash Removal and Recycling: All garbage and trash must be placed by Tenant in suitable covered containers, supplied by Tenant, and deposited appropriately for regular pick-up and removal. Tenant will abide by all local laws and regulations concerning the separation, special pick-up and removal of recyclables. Any municipal fines incurred for failure to comply with said laws will be promptly paid by Tenant and Tenant will furnish a receipt of payment to Landlord.

12. Utilities: Tenant is obligated to pay for all utilities in addition to the rent payable, including water/sewer, gas, electricity, cable, and security. Tenant shall make all the necessary deposits in connection therewith and promptly pay when due all bills for the aforesaid utilities. Tenant will not bring into use any articles in the premises that will exceed the floor load capacity thereof or overload the gas, electric or water/sewer capacities thereof or install any major appliances which create excess usage of any utilities that are chargeable to Tenant or to Landlord; Tenant shall be responsible for any damage to the premises that may result from the failure by Tenant to set the thermostat (if any) at such temperature as will insure that no plumbing or heating equipment freezes. Landlord shall not be liable in any manner for failure, interruption, or stoppage of gas, electricity and/or water at any time.

13. Alterations: Tenant shall have the right to redecorate the premises but shall not make any alterations, additions, or improvements to the premises without first obtaining Landlord's written consent. Such alterations, etc., shall, at the option of Landlord remain with the property or be removed by Tenant and premises returned to their original condition at the expense of Tenant. Tenant will not change the existing locks of the premises or install additional locks without prior written consent of the Landlord. If said consent is granted, Tenant will furnish Landlord or the property manager with a full set of working keys. Failure to provide a set of keys to the changed or additional locks will result in Landlord replacing said locks at Tenant's expense.

14. Inspection: Tenant shall allow Landlord and/or its duly designated representative to have access to said premises at any time without notice or warning in case of emergency. For the purpose of routine inspection, or for the purpose of making any repairs Landlord considers necessary or desirable, Landlord shall

give Tenant at least 48 hours prior notice before gaining access to the premises.

15. **Insurance:** Tenant will maintain with insurers authorized to do business in the state in which the premises are located and which are well rated by any recognized national rating organization:

(a) fire insurance and insurance with respect to risks from time to time included under the standard extended coverage endorsement, including vandalism and malicious mischief, in amounts sufficient to prevent Landlord and Tenant from becoming co-insurers of any loss, but in any event not less than the then Full Insurable Value of the premises as determined from time to time (but not less often than once every two years) by the insurer or insurers;

(b) comprehensive general public liability insurance against claims for bodily injury, death, or property damage arising out of the use or occupancy of the premises by Tenant, in a combined single limit amount of not less than \$300,000.

Tenant hereby assigns to Landlord any award or payment on account of any damage, destruction, or Taking which is payable in connection with the premises. However, Tenant shall be entitled to that portion of the net award representing payment for its leasehold interest, trade fixtures, moving expenses, business interruption, or loss of profits. All amounts paid pursuant to an agreement with a condemning authority in connection with any Taking shall be deemed to constitute an award on account of such Taking. Tenant agrees that this Lease shall control the rights of both parties in any such award, and any contrary provision of any present or future law is hereby waived.

16. **Smoke Detector:** If any applicable law or regulation of any government body requires the installation of Smoke Detectors at the time of occupancy of the premises by Tenant, said Smoke Detectors have been installed by Landlord and are in proper working condition in accordance with said law or regulation prior to Tenant's occupancy. It shall be the responsibility of Tenant to check Smoke Detectors periodically during the tenancy and replace

batteries as necessary to keep the Smoke Detectors in proper working condition and to report any malfunctions in said Smoke Detectors to Landlord in writing. Neither Landlord nor Agent assumes any responsibility or liability for any non-reported malfunctions of or misuse of Smoke Detectors by Tenant which results in injury or damage to persons or to the premises.

17. Indemnification: Tenant hereby indemnifies, and shall protect and hold Landlord harmless from and against all liabilities, losses, claims, demands, costs, expenses, and judgments of any nature arising, or alleged to arise, from or in connection with the following: (a) any injury to, or the death of, any person or loss or damage to property on or about the premises or any adjoining property arising from or connected with the Tenant's use of the premises during the term; (b) performance of any labor or services or the furnishing of any materials or other property in respect of the premises or any part thereof by or at the request of Tenant. Tenant will resist and defend any action, suit or proceeding brought against Landlord by reason of any such occurrence by counsel designated by Tenant.

18. Assignment and Sublease: Tenant may sublet the premises, or a part thereof to any person acceptable to Landlord, provided that the sublease or assignment is expressly subject to the provisions of this Lease, and that the sublease or assignment does not affect or reduce Tenant's obligations hereunder, which shall continue in full effect as the obligations of a principal and not as a guarantor or surety, to the same extent as though no assignment or sublease had been made. Landlord's acceptance of a subtenant may not be unreasonably withheld. Any act required to be performed by Tenant under this Lease may be performed by its sublessee or assignees. Their performance shall be deemed to be that of Tenant and shall be acceptable as its act by Landlord.

19. Termination: Tenant hereby expressly agrees (a) that violation of the terms and conditions of this Lease, or any of them shall be sufficient cause for termination of this Lease at the option of Landlord;

(b) that if the premises, or any part thereof, are taken by eminent domain, this Lease shall expire on the date when the premises shall be so taken, and the rent shall be apportioned as of that date, and no part of any award shall belong to Tenant;

(c) that in the event Tenant is adjudicated a bankrupt or makes an assignment for the benefit of its creditors, this Lease shall, at the option of Landlord, cease and determine and said premises shall be surrendered to Landlord, who hereby reserves the right, in either of said events, to forthwith reenter and repossess said premises;

(d) that if said premises in Landlord's opinion become uninhabitable by reason of fire or other casualty not caused by the negligence of Tenant, his employees or agents, the rental herein reserved shall be suspended, until said premises shall have been restored to a habitable condition, nothing herein to be construed, however, as requiring Landlord to rebuild or restore said premises;

(e) that if proceedings shall at any time be commenced for recovery of possession as aforesaid and compromise or settlement shall be effected either before or after judgment whereby Tenant shall be permitted to retain possession of said premises, then such proceedings shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or of this agreement. Provided always, that if Tenant shall fail to pay said rent in advance as aforesaid, although there shall have been no legal or formal demands made, or desert or leave the premises vacant for a period of thirty (30) days, or break or violate any of the within covenants, conditions or agreements, then and in any of said events, this agreement and all things herein contained, shall, at the option of the Landlord, cease and determine and shall operate as a Notice to Quit. TENANT HEREBY EXPRESSLY WAIVING ANY NOTICE TO QUIT OR NOTICE TO VACATE IN THE EVENT SUCH TERMINATION IS FOR NONPAYMENT OF RENT. Landlord may proceed to recover possession of said premises under and by virtue of the proceedings between landlords and tenants, and when such shall relieve it of liability for the difference between the rent herein reserved and the rent actually received by Landlord during the term remaining after such default occurs;

(f) that if Tenant shall default in the performance of any covenant or condition of this lease required to be performed by Tenant, Landlord, at its option, may, after thirty (30) days notice to Tenant, or without notice if in Landlord's opinion as emergency exists, perform such covenant or condition for the account and at the expense of Tenant. Should Tenant, pursuant to this Lease, become obligated to reimburse or otherwise pay Landlord any sum of

money in addition to the specific rent, the amount thereof shall be deemed additional rent and may, at the option of Landlord, be added to any subsequent installment of the specific rent due and payable under this Lease, in which event Landlord shall have the remedies for default in the payment thereof provided by this Lease. The provisions of this paragraph shall survive the termination of this Lease;

(g) that after the expiration of the term of this agreement, if Tenant remains in possession, the tenancy shall be deemed to be a monthly tenancy and Tenant hereby agrees to pay same monthly rental thereafter as due during the last month of the term of this agreement or such increased monthly rental for which Landlord or Agent from time to time has provided to Tenant not less than thirty (30) days written notice in advance of the rental due date. Tenant shall keep and fulfill all the other conditions, covenants and terms of this agreement throughout the monthly tenancy. In so continuing, Landlord reserves the right to renegotiate new terms and conditions at any time and to require Tenant to enter into a new lease agreement and refusal by Tenant shall constitute a breach of this condition. It is agreed that the monthly tenancy created can be terminated by either party giving the other party not less than a full thirty (30) days written notice to expire on the day of the month from which the tenancy commenced to run.

20. Termination option: If at any time six months or more after this lease commences the Leased Property is no longer economic or suitable for Tenant's continued use and occupancy, Tenant may give notice to Landlord of its intention to terminate the lease. The notice shall contain the following: (a) the termination date, which shall be the Payment Date as set forth below first occurring at least 90 days after notice is given; and (b) Tenant's certification that its board of directors has made a determination that the Leased Property is no longer economic or suitable for Tenant's continued use and occupancy and that Tenant has discontinued or will discontinue its use on or before the termination date, and, after that date, Tenant will discontinue the use of properties similar to the Leased Property in its ordinary course of business for a period of at least three years. At any time six months or more after this lease commences, Landlord may give notice to Tenant of its intention to terminate the Lease. The termination date shall be the Payment date first occurring at least 90 days after notice is given.

21. **Quiet Enjoyment:** Upon due performance by Tenant of its covenants and agreements under this Lease, Landlord covenants that Tenant shall and may at all times peaceably and quietly have, hold, and enjoy the Property during the Lease term, subject to the provisions of paragraphs 4, 4A and 4B hereof. If this covenant of quiet enjoyment is breached and Tenant is made a party to any legal proceedings affecting its right of possession, Landlord shall reimburse Tenant for all reasonable attorneys' fees or other expenses incurred by it in defending its right to this Lease. Landlord may apply all such expenses to rent due or to become due.

22. **Permission to Show:** Tenant will permit Landlord or its agent to post a "For Rent" sign, along with a lockbox containing a key to the main entrance for prospective tenants' and agents' access, and to show said premises at reasonable hours to prospective tenants during the last thirty (30) days of the term herein no less than three (3) times a week. If the premises are put on the market for sale during the tenancy, Tenant will permit Landlord or its agent to post a "For Sale" sign, a lockbox, and to show at schedule above. If Tenant refuses to allow access to Landlord or its agent as provided above, such refusal shall be a breach of this Lease and Landlord may obtain injunctive relief to compel access or may terminate this Lease, and bring an action for possession and damages sustained, including re-letting costs.

23. **Surrender:** Tenant will, upon termination of this Lease, surrender the premises and all fixtures and equipment of the Landlord therein in good, clean, and operating condition, ordinary wear and tear excepted. Utilities shall be disconnected and all final bills paid and proof of receipts provided by Tenant. Tenant shall, at time of vacating the premises, clean said premises, including removal of trash from the premises. If such cleaning and removal of trash is not accomplished by the Tenant, action deemed necessary by Landlord to accomplish same shall be taken by Landlord at Tenant's expense. Upon vacating the premises, Tenant shall deliver all keys thereto to the Landlord within twenty-four (24) hours after vacating. Failure to comply will be cause to charge Tenant for changing locks. Tenant will be responsible for any damages to walls or woodwork including, but not limited to, those resulting from the use of picture hooks, cup hooks, nails, or screws and said Tenant agrees to repair all holes and damage made in walls and woodwork, etc. at its expense. Any property which is left on the premises for more than seven (7) days after termination

of the tenancy shall be considered to be abandoned by Tenant or other owner and shall, at Landlord's option, become Landlord's property and Landlord may dispose of it without liability to Tenant, or owner of property left with Tenant's former dwelling unit or on the premises, all at the expense of Tenant.

24. Subordination: This Lease shall be subject and subordinate to the lien of all existing and future mortgages placed on the premises, and Tenant agrees to execute whatever additional agreements are required to so subordinate this Lease. Landlord shall have the right to assign any or all of its rights under this agreement at any time.

25. Notices: All notices required or permitted herein shall be in writing and effective as of the date on which such notice is mailed in any United States Post Office by first class mail, postage prepaid, or hand-delivered to the Tenant at the premises address, to the Landlord at the addresses designated herein, or to such addresses as the parties may designate in writing from time to time.

26. Unenforceable Clauses: All individual provisions, paragraphs, sentences, clauses, sections, and words in this Lease shall be severable and if any one or more such provision, section, paragraph, sentence, clause or word is determined by any court, administrative body, or tribunal, having proper jurisdiction, to be in any way unenforceable, or to be in any way violative of or in conflict with any law of any applicable jurisdiction, such determination shall have no effect whatsoever on any of the remaining paragraphs, provisions, clauses, sections, sentences, or words of this Lease.

27. Housing Regulations: Tenant acknowledges receipt from Landlord of a copy of the following provisions of the Housing Regulation of the District of Columbia: Chapter 3; Section 101; and Section 106.

28. Taxes: Landlord is obligated to pay all applicable taxes, including District of Columbia property taxes, and all city fees or assessments due and owing on said property.

THIS AGREEMENT is the entire agreement between the parties, and no modification or addition to it shall be binding unless

signed by the parties hereto. The covenants, conditions, and agreements contained herein are binding upon and shall inure to the benefit of the parties hereto and their respective heirs, administrators, personal representatives, successors and assigns, subject to restrictions herein on assignment and subletting by Tenant. Wherever the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders. The paragraph headings appearing in this Lease have been inserted for the purpose of convenience and ready reference only. They do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the paragraphs to which they appertain. THIS IS A LEGALLY BINDING CONTRACT. IF YOU DO NOT UNDERSTAND ALL OF THE TERMS OF THE DOCUMENT, SEEK COMPETENT LEGAL ADVICE BEFORE SIGNING IT.

WITNESS the following signatures on the day and year first appearing above:

ATTEST:

WILLIAMS & JENSEN, P.C.

Its Secretary

By: J. Steven Hart, President
"Tenant"

TOWNHOUSE ASSOCIATES, L.L.C.

By: _____
Winfield P. Crigler
"Landlord"

**Townhouse Associates, L.L.C.
Operating Agreement**

**Exhibit A
List of Members, Capital, and Percentages**

Name, Address, and Taxpayer I.D. Number	Initial Cash Capital Contribution	Percentages
George D. Baker 5012 Scarsdale Road Bethesda, MD 20816 SSN# 128-44-1024	\$17,000	8.33%
Ann S. Costello 4403 Tournay Road Bethesda, MD 20816 SSN# 446-52-3106	\$17,000	8.33%
Winfield P. Crigler 5503 33rd Street, N.W. Washington, D.C. 20015 SSN# 251-78-1050	\$17,000	8.34%
Butler C. Derrick 617 Massachusetts Avenue, N.E. Washington, D.C. 20002 SSN# 248-50-9005	\$17,000	8.33%
David E. Franasiak 527 Lee Circle Annapolis, MD 21403 SSN# 057-44-5915	\$17,000	8.34%
Robert E. Glennon 3 Washington Circle, #8 Washington, D.C. 20037 SSN# 350-42-2821	\$17,000	8.33%

J. Steven Hart 3823 Fordham Road, N.W. Washington, D.C. 20016 SSN# 441-50-8190	\$17,000	8.34%
Robert J. Martinez 4307 North 15th Street Arlington, VA 22207 SSN# 585-48-0850	\$17,000	8.34%
John J. McMackin, Jr. 5 West Melrose Street Chevy Chase, MD 20815 SSN# 196-44-7741	\$17,000	8.33%
George G. Olsen 9427 Meadow Shire Lane Great Falls, VA 22066 SSN# 030-86-0784	\$17,000	8.33%
David A. Starr 6321 Crosswoods Circle Falls Church, VA 22044 SSN# 302-50-2989	\$17,000	8.33%
Mary Lynne Whalen 312 8th Street, S.E. Washington, D.C. 20003 SSN# 153-42-1744	\$17,000	8.33%
TOTAL	<u>\$204,000</u>	<u>100.00%</u>