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March 22, 2005

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VIA TELEFAX (202-237-0258)
& FIRST CLASS MAIL

Gerald W. Grauel
2940 Gracefield Road
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BY FIRST CLASS MAIL ONLY

Robert H. Grauel
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Lantana, Florida 33462

BY FIRST CLASS MAIL ONLY

George Grauel
C/O Gerald W. Grauel
2940 Gracefield Road
Silver Spring, Maryland 20904

BY FIRST CLASS MAIL ONLY

Re: Trusts of George H. Grauel &
Evelyn E. Grauel

Dear Gentlemen:

As you are aware, I represent Sandy Spring Bank as Trustee in the above referenced matters. Sandy Spring Bank as Trustee and I are in receipt of Mr. Kirsch's letter of March 7, 2005. It is the Bank's conclusion, with advice of counsel, that Forest Lee Grauel has not properly exercised his rights in accordance with the requirements set forth in Article VI of the Evelyn E. Grauel Trust Agreement. The March 7, 2005 letter incorrectly assumes that the purchase price of \$405,000.00 is for as much contiguous land as Forest Lee Grauel desires to purchase at that price.

The appraised valuation of \$405,000.00 by Harold Gearhart is for the house, barn and 3 acres of contiguous land. Robert and Gerald Grauel are unwilling to concede unlimited land rights to their brother on the basis of this provision. Additionally, they have raised issues with the Gearhart Appraisal.

Of greater concern, given the differences among the trust beneficiaries as to the scope of Forest's right, is the fact that Sandy Spring Bank as Trustee under the Evelyn E. Grauel Trust Agreement only has title to ½ of the real estate including – specifically ½ of the house in which Forest Lee Grauel presently

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resides. Title to the remaining ½ of the real estate is in the name of Sandy Spring Bank as Trustee under the George H. Grauel Trust Agreement. Article VI of the George H. Grauel Trust Agreement granted certain rights to Forest Lee Grauel. These rights are spelled out in the alternative – in the event Grantor's wife, Evelyn E. Grauel, predeceases Grantor or in the instance she survived. In the latter instance, which is the operative provision in this document, Forest's rights have terminated.

Moreover, the pertinent Trust Agreement is unclear as to the cost of any partition although it does provide that the Trust shall pay for the cost of a survey. There may be additional costs and expenses if Sandy Spring Bank as Trustee conveys real estate to Forest Lee Grauel and it is unclear how such costs should be allocated.

For all of these reasons, Sandy Spring Bank as Trustee believes it prudent and necessary for it to request direction of the Circuit Court for Montgomery County, Maryland for Declaratory and related relief so that we may resolve these issues. I will contact you again in the near future. Thank you for your kind cooperation.

Very truly yours,



Richard L. Lyon

CC: Janelle S. Straszheim,
Chief Fiduciary Officer and Trust Counsel
C/O Sandy Spring Bank
(By Facsimile & First Class Mail)