



November 2, 2005

Mr. Robert Grauel
3111 East Ocean Ave.
Apt. 307
Lantana, FL 33462

Mr. Gerald Grauel
Mr. George Grauel
2940 Gracefield Road
Silver Spring, MD 20904

VIA Certified Mail

Mr. Forest Grauel
2901 Spencerville Road
Burtonsville, MD 20866

Re: Grauel Trusts—special fee assessment

Dear Grauel Trust Beneficiaries:

I am writing you to inform all of you of the successful outcome of the recent court construction proceeding that we have initiated, in our capacity as Trustee of your parents' Trusts, as a result of uncertainties in the Trusts' terms concerning the scope and intent of the "Article VI" rights of trust beneficiary Forest Grauel with respect to "purchase" of the farmhouse in which his family has had tenancy rights during your parents' lifetimes, along with "contiguous property" thereto.

By way of review, the Bank, as trustee, has entered into a "settlement" agreement with Mr. and Mrs. Forest Grauel. This agreement provides them a 180-day period during which they (or a designated assignee) are entitled to purchase all real property now held by both Trusts for a purchase price of \$1,550,000.00. This purchase is subject to certain "subsequent use" restrictions for a five (5) year term — with the effect, in the event the property is sold during this period of time that all trust beneficiaries would share in any profit that would be realized from the sale.

As you know, the resolution of this matter has required a substantial amount of effort on the part of the Bank. In this regard, we have directed the legal work of Richard Lyon, the attorney we retained to represent the Trust interests on this matter; we consulted with beneficiaries concerning settlement agreement terms on multiple occasions; reviewed documents and legal correspondence between Forest's counsel and the Trust counsel on multiple occasions; prepared for and were deposed on matters concerning the administration of the trusts; and prepared for and attended the court hearing on this matter in October. The aforementioned services required substantial time commitments both on myself, in my



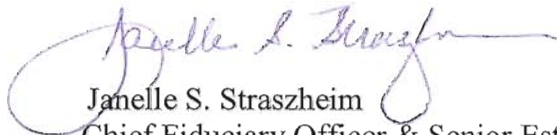
Letter to Beneficiaries of Grauel Trusts
November 2, 2005

capacity as the Bank's Chief Fiduciary Officer and Associate Counsel, as well as the time of our Division Manager, Executive Vice President Sergio Oliver. Our Bank's fee agreement for fiduciary services, a copy of which is enclosed, permits the Bank to assess "special fees" for extraordinary services. We will be assessing an extraordinary charge for our work on this matter of \$20,000.00. These disbursements will appear on the October statement of both Trusts.

We recognize that this is a substantial payment for our services; however, we would note that the complexities presented by your parents' decisions regarding the drafting of their Trust instruments created the initial impetus for the difficulties that we were faced with resolution. We hope that the outcome we have achieved will meet with the satisfaction of all of you.

Please let me know if you have any questions about this matter; I can be reached at 301-570-8302 or via email at jstraszheim@sandyspringbank.com.

Sincerely,



Janelle S. Straszheim
Chief Fiduciary Officer & Senior Estate Planner
Investment Management and Fiduciary Services Division

Encl.: Trust fee schedule, 1/05

SANDY SPRING BANK
Investment Management & Fiduciary Services Division

TRUST SERVICES
SCHEDULE OF FEES

The fee for Trust accounts will be comprised of the following elements.

Asset Management charge, which includes brokerage transaction commissions, will be based on the Market Value of Assets subject to a minimum annual fee of \$7,000

1.00% on the first	\$2,000,000
3/4 of 1% on the next	\$2,000,000
1/2 of 1% on all over	\$4,000,000

and (if applicable) a

Fiduciary Administration charge of \$2,000.00 per year. The Fiduciary Administration charge will apply to all irrevocable trusts (except unfunded life insurance trusts) and to certain revocable grantor trusts. If the trust is revocable and the grantor is unable or unwilling to make basic decisions with regard to their own care and physical maintenance, this component of the Trust Services fee will apply.

Tax Preparation Fee

There is no charge for revocable trusts where IRS form 1099 is used to report income. Irrevocable trusts, where a fiduciary income tax return (IRS form 1041) is prepared, will incur an additional charge, generally \$300 per tax year.

Extraordinary Services and Out of Pocket Expenses

When special or unusual services are required, outside of the published fee schedule, our fee will include reasonable additional compensation and/or out-of-pocket expenses based upon the nature of the service and the extent of the duties and responsibilities assumed. An example of such services, but not by way of limitation, include researching cost basis of securities and assisting with assembling information for individual income tax returns. Where a trust is used as a will substitute the bank reserves the right to charge for its services as set forth in §7-601 of the Maryland Code.

Distribution and Termination Fee

Unless otherwise provided for in trust documents, charges for asset distributions and termination of a trust will reflect the time, effort and costs involved in terminating the trust that may be incurred in unusual circumstances such as, distributions in kind to numerous beneficiaries or distribution of numerous physical certificates. Distributions which require legal receipts and releases may also incur a charge.

Client Signature

Date

effective 1/15/2005