

FEOFFEES OF THE GRAMMAR SCHOOL

P.O. Box 166
Ipswich, Massachusetts 01938

August 18th, 2005

TO: Little Neck Cottage Owners

You recently received your bill for the period, July 1st through December 31st, 2005. The bills were due, in full, by August 1st. The annual rent was maintained at the 2004-05 level. Despite continued escalation in the Consumer Price Index, and more dramatically in the values of coastal properties, we determined that there should be no increase this year due to the inconveniences caused by this year's construction projects.

As we are sure you know, the construction of the wastewater collection system should be completed by the end of the year and all cottages (except the few with recently installed Title 5 systems) will be connected as of January 1st. We will be contacting you after Labor Day with additional information regarding the conversion for your cottage and the billing process for the operation of the system.

Two years ago, in his letter to you with your 2003-04 bill, Don Whiston advised you that to comply with the requirement of the Consent Order with the Department of Environmental Protection, the installation of over 100 separate tight tanks would begin in October, 2003. Each cottage owner would have been responsible for the costs of installing his or her system and the periodic pump-outs. Due to the strenuous appeals of the cottage owners to find a better solution to manage the septic waste, including less truck traffic and other impact on the quality of life on Little Neck, the Feoffees and their consultants explored numerous options to address your concerns.

It was always recognized that the costs of a collection network and centralized system would be substantially more than the installation of tight tanks. As the cottage owners would bear all costs associated with the system, we reviewed the alternative solutions and identified a project that would provide the maximum benefit at the minimum cost. However, at this time it appears the cost will be at least \$35,000 per cottage. We will not have a final cost until later this year.

We have secured bank financing to complete the project and the loan will be paid back from payments received from the cottage owners. In recognition of this additional requirement and to insure our ability to collect the payments, your existing tenancy at will status will be terminated as of December 31st, 2005. You will be offered the opportunity to enter into a written, 15-year lease for your lot which will provide for the payment of rent consisting of three components: (1)

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base rent; (2) real estate tax, and (3) additional rent based upon 1/167th of the costs of the wastewater collection system.

We are currently developing the lease form for review by the School Committee and Little Neck Homeowners, Inc. We expect a draft to be submitted to you in late September together with a more accurate estimate of the total costs of the wastewater collection system. The leases will be in a form that will enable cottage owners to secure conventional, FNMA/FHLMC 15-year mortgages on their Little Neck leaseholds.

We appreciate the cooperation that we have received from the majority of the cottage owners. As you may have heard, approximately 40 owners failed to pay the special assessments billed during 2004-05. We were very disappointed by this failure as the prompt payment of the costs associated with the wastewater collection system is critical for the continued use of the property by the 167 cottage owners. All overdue accounts, with interest at the rate of 14%, will be collected from the delinquent tenants when we apportion the costs of the system with the rent invoices at the end of the year.

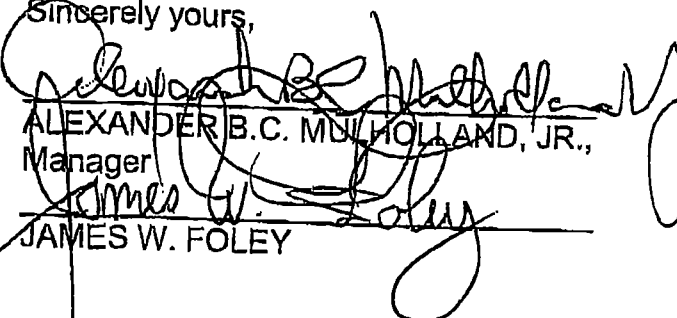
The improvements to the electrical distribution grid have been completed. The costs of that project were paid by the Feoffees out of the current rental income. That project will not affect our calculation of the base rent in the future.

I have also enclosed a copy of the currently Rules and Regulations. We urge you to post this document in your cottage for your guests or tenants. Please remember that you are responsible for compliance by persons using your cottage.

You will see substantial correspondence from the Feoffees after Labor Day as the wastewater system is completed and the leases are distributed. Our contractors will continue to use their best efforts to minimize any disruptions of your utilities during their work.

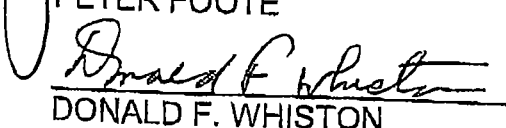
We thank you for your continued cooperation in these matters.

Sincerely yours,


ALEXANDER B.C. MULHOLLAND, JR.,
Manager


JAMES W. FOLEY


PETER FOOTE


DONALD F. WHISTON