

Section 1 – Registrant’s Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On October 3, 2007, Bay National Bank (a wholly owned subsidiary of Bay National Corporation) (the “Bank”) entered into a lease agreement with its landlord, COLUMBIA 100, LLC pursuant to which the Bank agreed to lease 3,211 square feet of space on the third floor of a building located at 8820 Columbia 100 Parkway, Suite 301, Columbia, MD 21045. The Bank intends to use this space for its Howard County loan production office.

Pursuant to the lease agreement, the Bank agreed to an initial lease term of five years. The Bank was also provided the right to renew the lease for two additional five-year terms. As part of this agreement, the aggregate rent due under the lease is \$6,783.24 monthly from commencement for a term of 12 months. For each lease year thereafter, including any lease years during any renewal term, the yearly base rent will increase by three percent.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.15 Lease Agreement dated October 3, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BAY NATIONAL CORPORATION

Date: October 9, 2007

By: /s/ Hugh W. Mohler
Hugh W. Mohler, President

EXHIBIT INDEX

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