

**CONCORD TOWNSHIP
IMPROVEMENT SECURITY AGREEMENT
FOX VALLEY ASSOCIATES, L.P.**

THIS AGREEMENT is made this _____ day of _____, 2003, between Fox Valley Associates, L.P, by its general partner, Pennfield Knoll Associates, Inc., (hereinafter called "Developer"), Concord Township (hereinafter called "Township") and Sovereign Bank, 50 W. Market Street, West Chester, PA 19382, Attn: Mark Connors (hereinafter called "Bank").

BACKGROUND

WHEREAS, the Developer has, or will, file an application for building permits pursuant to the Township Code, Chapter 160, Subdivision and Land Development, other regulations and statutes; and

WHEREAS, the Developer desires to build a retirement community development consisting of one hundred eighty (180) condominium/apartment units pursuant to the Final Plan approved with conditions by the Concord Township Board of Supervisors on January 4, 1999, by Resolution No. 8-1999; as modified by Resolution No. 7-2003, dated January 6, 2003; and

WHEREAS, the Developer has agreed, pursuant to a Development Agreement with the Township, which is attached hereto, made a part thereof and marked Exhibit "A" (hereinafter called "Development Agreement), to deposit financial security in the sum of \$434,461.00, such sum or so much thereof as may be required from time to time to be used and applied solely for improvements at the site and to fulfill the Developer's covenants and responsibilities, and not to be released or distributed for any other purpose whatsoever.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. The Developer agrees, contemporaneously with the execution of this Agreement, to deliver evidence of an irrevocable cash escrow established at Sovereign Bank in the amount of \$434,461.00 (hereinafter called "Financial Security"). Developer agrees that such sum or so much thereof as may be required from time to time shall be used and applied solely for the cost of providing the improvements which the Developer is required to make pursuant to the Development Agreement. The Bank shall not pay, release or distribute all or any portion of the Financial Security for any purpose other than as provided herein and in the Development Agreement.
2. The Developer has delivered evidence of an irrevocable cash escrow account with Sovereign Bank of Pennsylvania in the amount of \$434,461.00, as financial security for completion of all improvements and to fulfill the Developer's covenants and responsibilities with respect to said public improvements; as set forth in the Development Agreement, for which sum Developer and Company do stand, jointly and severally, bound by these presents to the Township.

3. All improvements shall be installed, constructed, completed and paid for and (where applicable) all requirements for dedication shall have been completed within twelve (12) months from the date hereof, subject to extension of said period if granted in writing by Township, the grant of which shall not be unreasonably denied if requested by Developer, said time to be of the essence of this undertaking. The failure to install, construct, complete, pay for and (where applicable) complete all requirements for dedication within the time set forth or such additional time as may be permitted or agreed upon between the parties shall be deemed a default hereunder. In the event Developer requires more than twelve (12) months from the date hereof to complete the required improvements, this Agreement shall remain in full force and effect during such additional period as Developer shall require to complete the required improvements. In that event, the amount of Financial Security shall be increased by an additional ten (10) percent of the amount of the work then remaining to be performed for each one year period or part thereof beyond the first anniversary date of the initial posting of the Financial Security or to an amount not exceeding one hundred ten percent (110%) of the cost of completing the required improvements as re-established by the estimates prepared and certified in accordance with the procedures set forth in Sections 509 and 711 of the Pennsylvania Municipalities Planning Code ("MPC"). Any Financial Security delivered hereunder shall be extended by the Issuer, or replaced by the Developer, with an approved replacement Financial Security or other approved security, in the required amount, by a date not later than forty (40) days prior to the expiration of the then existing Financial Security. Failure of the Developer to timely re-establish or supplement the required Financial Security as hereinabove provided shall constitute a default and the Township is authorized to cure the Developer's default by drawing on the Financial Security, the balance thereof or such portion thereof as is necessary to cure the default.

4. There is attached hereto as Exhibit "B", incorporated herein by reference and made a part hereof as though fully set forth at length, a schedule of stages and payments. Such payments may be made from or reduce the amount of the Financial Security only upon a written approval by a designated official of the Township and the Developer upon vouchered bills, after an inspection is made and completed by the Township Engineer. Developer shall certify the names of all materialmen, contractors, subcontractors or other persons furnishing work or materials or other services with respect to said improvements and all checks issued may, if the Township so elects in writing, be issued to the contractor, subcontractor, laborer, materialmen or other person furnishing such work or materials designated for said payment. The Bank assumes no liability for the consummation of any provisions of this Agreement, provided only that Bank agrees to honor its Financial Security, to hold and maintain the full amount thereof, and to release and/or reduce any part thereof solely upon the written order

of Township. The Bank shall have no power, right, duty or obligation to inquire into the propriety or validity of any order of the Township, but shall honor all such orders in accordance with the terms and tenor hereof.

5. Upon completion, inspection, approval and (where applicable) dedication of all of the improvements agreed to, or required to be installed, and the obtaining of all approvals and final inspection from all regulatory bodies and agencies and the filing thereof with the Township and the execution of certifications by all contractors, subcontractors, laborers, materialmen and other persons to be paid from said Financial Security in accordance with the schedule, that they and each of them have received payment in full, any remaining Financial Security shall be released to Developer.
6. In the event of default in the design, construction, installation, completion and dedication of the improvements, all in accordance with the terms herein set forth and within the time limits herein set forth, the Township shall have available and may in its discretion, but shall not be required to, exercise one or more of the following remedies, which said remedies shall be deemed cumulative and not alternative:
 - (a) Cause the removal of any contractor or subcontractor, materialmen or other person designated in Exhibit "B" or any substitution thereof from the job and cause the work to be performed or materials furnished by other reputable persons or agencies (without the necessity of submitting to public bid), and paying the cost thereof to the extent available from the Financial Security.
 - (b) Enforce any existing contracts in Developer's name for the completion of the improvements (without the necessity of submitting the contracted work to public bid) and to cause the performance by any contractors, materialmen, laborers, or other designated persons or entities with whom Developer has contracted thereunder, the parties hereby agreeing that as further security for the performance of its obligation for completion of the improvements Developer shall, and hereby does, assign all of its rights under any contracts relating to the completion of the improvements effective upon an event of default above described.
 - (c) The Township may draw on the Financial Security and utilize the same or so much thereof as may be required to cure any default in improvements, corrections, repairs, maintenance or removal, pay the same and in the event of any deficiency, institute all appropriate legal and/or equitable actions to recover the moneys necessary to complete the remainder of the improvements, including, if and to the extent permitted under any applicable statute or law pertaining to municipal claims and liens, the entry of a municipal lien for such deficiency against the lands of Developer.

- (d) Any other remedy available at law or in equity.
 - (e) In the event of the exercise of any of the foregoing remedies, there shall be included within the amount claimed on behalf of the Township the costs of suit, together with reasonable attorney fees.
7. In the event of any dispute concerning the construction or operation of this Agreement and/or the accompanying Development Agreement of even date between Developer and Township, the same shall be construed and determined in the Court of Common Pleas of Delaware County.
 8. Upon receipt of written notice from the Township to the effect that Developer has failed to complete and obtain the Township Engineer's approval of the improvements within the time required hereunder, Bank shall pay said funds then remaining, or such portions thereof as the Township shall from time to time direct, at Township's option and discretion, to the Township to be held by Township in a separate fund and paid toward the completion of the whole or any part of said improvements and Bank shall in no way turn over any of said fund to Developer until said fund or portions thereof have been specifically released in writing by said Township. If Developer shall fail to properly complete the required improvements and obtain the Township Engineer's approval for same within the said time period, Township shall notify Bank of the fact and also shall advise Bank of the manner in which the uncompleted items are to be completed. Bank shall then disburse the remaining funds to the Township or to others for work completed as the Township shall direct in writing, and Bank shall not release any remaining funds to Developer until authorized in writing by Township to do so. Completion shall be deemed to include the providing of the required security for maintenance of the landscaping as set forth in the Development Agreement as well as security for maintenance of the improvements for eighteen (18) months after issuance of the certificate of completion by the Township and the preparation of shop drawings (if applicable) and as-built plans. Any balance then remaining shall then be authorized in writing by Township to be returned to or released to Developer.
 9. Bank shall give written notice by certified mail to the Township Solicitor ninety (90) days prior to the expiration of the Financial Security.
 10. This Agreement shall bind the parties hereto and their heirs, executors, administrators, successors and assigns.
 11. This Agreement may not be assigned by Developer without the written approval of the Township. Notwithstanding the foregoing, Township agrees that this agreement may be terminated and the Financial Security delivered hereunder released in the event that another developer having title to the premises agrees to complete the public improvements described herein by executing and delivering to the Township a Development Agreement and Financial Security Agreement

acceptable to the Township and in the same form as executed and delivered by the Developer hereunder, or such other form as is approved by and acceptable to the Township, and such other developer secures such obligations by financial security of the type described herein or otherwise permitted under the MPC.

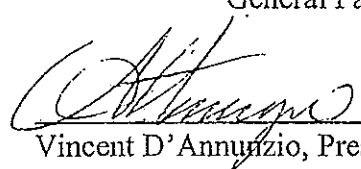
12. In the event of any conflict between the terms hereof and the terms of Article V of the MPC, including any other section of the MPC incorporated by reference in Article V, the terms of the said Article V of the MPC shall be controlling; provided that, the foregoing shall not limit the effect of any provisions hereof which are supplementary to, and not controlled by, the said Article V of the MPC.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective duly authorized officers, each intending to be legally bound hereby.

DEVELOPER:

Fox Valley Associates, L.P.,
Pennfield Knoll Associates, Inc.,
General Partner

Attest:  (SEAL)

By: 
Vincent D'Annunzio, President

CONCORD TOWNSHIP

Attest: _____ (SEAL)

By: _____
Dominic Pileggi, President
Concord Township Board of Supervisors

Sovereign Bank

50 W. Market Street
West Chester, PA 19382
Attn: Mark Connors

Attest: Mark G. Connors (SEAL)

By: Mark G. Connors, V.P.

STATE OF PENNSYLVANIA :
 : SS
COUNTY OF Chester :

On this, the 5th day of June, 2003, before me, the undersigned officer, a notary public in and for the State and County aforesaid, personally appeared Mark Connors who acknowledged himself to be the Vice President of Sovereign Bank, _____ and that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Elizabeth H. Brownback
Notary Public

(Seal)

My Commission Expires:

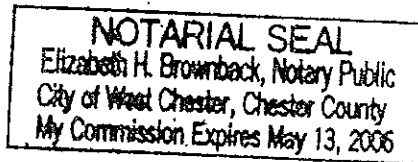
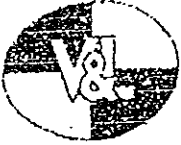


EXHIBIT "A"
SEE DEVELOPMENT AGREEMENT OF FOX VALLEY ASSOC., LP,
DATED
INCORPORATED AS PART OF THIS FILE

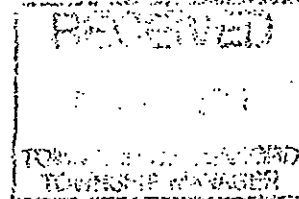


April 11, 2001

Project No. 19200.29

Board of Supervisors
 CONCORD TOWNSHIP
 P.O. Box 171
 Concordville, PA 19331

Attn: John W. Cornell
 Township Manager



RE: **FOX VALLEY RETIREMENT COMMUNITY
 REVISED ESCROW ESTIMATE**

It is our understanding the current developer, Fox Valley Retirement Community, will be selling the remaining project, and we assume the Township will execute a new development agreement with the purchaser of the project. Because parts of the project have already been completed, we have prepared a revised escrow estimate for the outstanding work, which can be incorporated into the new development agreement

The referenced project is a private land development. Therefore, the escrow estimate includes those items that can reasonably be expected to have some impact on the health, safety, and welfare of the general public. The following items have been included in the estimate: erosion and sediment control, stormwater management, water supply, lighting, landscaping, and inspection. We assume the estimate for sanitary sewer service will be submitted to the Sewer Authority for their review.

Listed below is a summary of the recommended escrow amounts. The summary below reflects the revised quantities and prices, which we believe are sufficient to protect the Township's interest in assuring the plan is implemented as approved. A detailed schedule of items and values is attached.

| ITEM | COST |
|------------------------------|--------------|
| Erosion & Sediment Control | \$6,500.00 |
| Storm Sewer | \$28,000.00 |
| Underground Stormwater Basin | \$211,090.00 |



Board of Supervisors, Concord Township
RE: Fox Valley Retirement Community, Revised Escrow Estimate
April 11, 2001
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| | |
|----------------------------------|---------------------|
| Water Line | \$25,095.00 |
| Lighting | \$16,800.00 |
| Landscaping | \$92,480.00 |
| Inspections | \$15,000.00 |
| TOTAL ESTIMATED COST | \$394,965.00 |
| Contingency @ 10% | \$39,496.00 |
| Recommended Escrow Amount | \$434,461.00 |

*checked w/ Jim
2/02 - this
figure still
stands.*

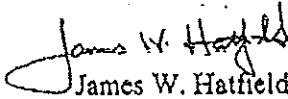
Prior to the commencement of any construction, the following matters must be resolved:

- a. The Township should receive notification from the Concord Township Sewer Authority that funds for the completion of the sanitary sewer system has been escrowed to their satisfaction.
- b. A current NPDES permit for sediment and erosion control is obtained from the Delaware County Conservation District and submitted to the Township.

If you have any questions or require additional information, please call.

Sincerely,

VANDEMARK & LYNCH, INC.
Township Consulting Civil Engineers


James W. Hatfield, P.E.

attachment

cc: John W. Wellman, Esq. (fax: 610-565-0178)
Thomas Comitta Associates
Dominic Cappelli, The Cappelli Group, Inc. (fax: 610-459-8724)

Escrow Estimate Worksheet

Project Name: Fox Valley Retirement Community
Project Nbr: 19200.29

| ITEM | QTY. | UNIT | UNIT COST | ITEM COST | |
|---------------------------------|------|------|-------------|-------------|--------------|
| Erosion and Sediment Control: | | | | | |
| 18" Silt fence | 300 | lf | \$2.00 | \$600.00 | |
| 30" Silt fence | 640 | lf | \$2.50 | \$1,600.00 | |
| Construction Entrance | 1 | ea | \$1,500.00 | \$1,500.00 | |
| Inlet protection | 13 | ea | \$65.00 | \$845.00 | |
| Diversion Berm | 6 | ea | \$200.00 | \$1,200.00 | |
| Rock Filters | 2 | ea | \$150.00 | \$300.00 | |
| Miscellaneous | 1 | LS | \$455.00 | \$455.00 | |
| | | | | | \$6,500.00 |
| Storm Sewer: | | | | | |
| 18" N-12 pipe | 655 | lf | \$22.00 | \$14,410.00 | |
| Rip rap | 30 | tons | \$46.00 | \$1,380.00 | |
| Trench drain | 2 | ea | \$2,500.00 | \$5,000.00 | |
| Type C inlet | 5 | ea | \$1,200.00 | \$6,000.00 | |
| Tie into existing pipe | 1 | ea | \$500.00 | \$500.00 | |
| Miscellaneous | 1 | LS | \$710.00 | \$710.00 | |
| | | | | | \$28,000.00 |
| Underground Stormwater Basin: | | | | | |
| Excavation and backfill | 6078 | cy | \$5.00 | \$30,390.00 | |
| 48" CMP | 1602 | lf | \$33.00 | \$52,866.00 | |
| 60" CMP | 990 | lf | \$50.00 | \$49,500.00 | |
| AASHTO #1 stone bedding | 6194 | tons | \$11.00 | \$68,134.00 | |
| Modified type C inlet | 6 | ea | \$1,400.00 | \$8,400.00 | |
| Miscellaneous | 1 | LS | \$1,800.00 | \$1,800.00 | |
| | | | | | \$211,090.00 |
| Water Line: | | | | | |
| Fire hydrant | 2 | ea | \$3,000.00 | \$6,000.00 | |
| 8" 45 bend | 5 | ea | \$125.00 | \$625.00 | |
| 8" x 6" hydrant tee | 2 | ea | \$135.00 | \$270.00 | |
| 3" x 8" tee | 1 | ea | \$150.00 | \$150.00 | |
| 6" gate valve & box | 2 | ea | \$400.00 | \$800.00 | |
| 8" gate valve & box | 2 | ea | \$550.00 | \$1,100.00 | |
| Tie into existing water service | 1 | ea | \$2,000.00 | \$2,000.00 | |
| 8" DI pipe | 640 | lf | \$20.00 | \$12,800.00 | |
| Thrust block | 7 | ea | \$50.00 | \$350.00 | |
| Miscellaneous | 1 | LS | \$1,000.00 | \$1,000.00 | |
| | | | | | \$25,095.00 |
| Lighting | 14 | ea | \$1,200.00 | \$16,800.00 | |
| | | | | | \$16,800.00 |
| Landscaping: | | | | | |
| Deciduous trees | 66 | ea | \$375.00 | \$24,750.00 | |
| Evergreen trees | 145 | ea | \$270.00 | \$39,150.00 | |
| Shrubs | 378 | ea | \$50.00 | \$18,900.00 | |
| Ground cover | 248 | ea | \$35.00 | \$8,680.00 | |
| Miscellaneous | 1 | LS | \$1,000.00 | \$1,000.00 | |
| | | | | | \$92,480.00 |
| Inspection | 1 | LS | \$15,000.00 | \$15,000.00 | |
| | | | | | \$15,000.00 |
| Estimated Construction Cost | | | | | \$394,965.00 |