

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made this 17th day of December, 2007, by **WEST VINCENT ASSOCIATES, LTD.** (hereinafter referred to as "**Hankin**") and **WEST VINCENT TOWNSHIP** by and through its **BOARD OF SUPERVISORS** (hereinafter referred to as the "**Board**").

BACKGROUND

1. Hankin is a limited partnership authorized to do business in Pennsylvania with its principal place of business located at 707 Eagleview Boulevard, Exton, Pennsylvania 19341.

2. The Board is the governing body of West Vincent Township (hereinafter referred to as "**Township**"), duly authorized under the Pennsylvania Municipalities Planning Code, 53 P.S. §10101 et seq., (hereinafter referred to as "**MPC**") with administrative offices at 729 St. Matthews Road, Chester Springs, Pennsylvania 19425.

3. The Township is a Second Class Township, a political subdivision of the Commonwealth of Pennsylvania, as defined in the Second Class Township Code, 53 P.S. §65101, et seq., with administrative offices at 729 St. Matthews Road, Chester Springs, Pennsylvania 19425.

Weatherstone Property

4. Hankin is the owner and developer of the Weatherstone Development ("**Weatherstone Development**"), located on approximately 300.55 acres bordered by Route 401, Birchrun Road, Westover Road and Fellowship Lane (hereinafter "**Weatherstone Property**"). The Weatherstone Development is an approved mixed use, phased development (hereinafter "**Weatherstone Conditional Use Plan**"), which is presently under construction in the Township. The Weatherstone Development was approved pursuant to the Weatherstone Conditional Use Plan by Conditional Use Decision of the Board in May 1999 ("**Weatherstone Conditional Use**

Decision") and by Final Subdivision/Land Development Plan Approval of the Board on December 26, 2001 ("**Final Weatherstone Plan**"). The Weatherstone Development is comprised of a residential area and a ±27 acre commercial area. The commercial area is located on both the west side of Lexington Boulevard and on the east side of Lexington Boulevard ("**Weatherstone Commercial Area**"), as further depicted on the Weatherstone Conditional Use Plan and the Final Weatherstone Plan. Located on the east side of Lexington Boulevard in the Weatherstone Commercial Area is a building in which is located a library and adjoining commercial space within one building ("**Library Building**") as well as related parking. The Weatherstone Conditional Use Decision approved 240,000 gross square feet of retail/office use in the Weatherstone Commercial Area ("**Approved Retail/Office Square Footage**").

Bruner Property

5. Hankin is the owner of a parcel of property comprised of approximately 58.95 acres located at Lexington Boulevard and Birchrun Road known as the Bruner Property ("**Bruner Property**"). The Bruner Property is comprised of five (5) parcels, Tax Parcel Nos. 25-7-4, 25-7-501.1, 25-7-501.2, 25-7-501.3 and 25-7-6. The 25-7-5.1 tax parcel is also known as the Zarichniak property ("**Zarichniak Property**").

6. On June 15, 2005, Hankin filed an application for conditional use approval for a life care community requesting certain modifications to the West Vincent Township Zoning Ordinance ("**ZO**") on the Bruner Property pursuant to the ZO ("**Bruner I Application**").

7. On May 22, 2006, the Board voted to deny the Bruner I Application or alternatively, in the event a Court determined the denial was improper, to impose certain conditions on any approval of the Bruner I Application ("**Bruner I Decision**").

8. On October 12, 2005, Hankin filed a second application for conditional use approval for a life care community on the Bruner Property ("**Bruner II Application**").

9. On July 31, 2006, the Board voted to deny the Bruner II Application or alternatively, in the event a Court determined the denial was improper, to impose certain conditions on an approval of the Bruner II Application ("**Bruner II Decision**").

DNB Property

10. Hankin is the owner of a land condominium unit (identified as Unit 2 on the Condominium Plan and known as Tax Parcel No. 25-6-62.1) located on a parcel of property comprised of approximately 5.6 acres located at the corner of Route 401 and Route 100 ("**DNB Property**"). A DNB Bank building is located on condominium unit 1 (also known as Tax Parcel No. 25-6-62) as shown Condominium Plan.

11. On March 10, 2005, Hankin filed an application for conditional use approval for a pharmacy and fast food restaurant with a drive through on the DNB Property ("**DNB Application**"). Hankin also filed on February 2, 2005, an application for subdivision and land development for the DNB Property ("**DNB Land Development Application**"). The DNB Land Development Application has not yet been acted on by the Board since Hankin has requested, and the Board has granted, a number of extensions, the latest of which expires on January 15, 2008.

12. On January 9, 2006, the Board voted to approve the DNB Application with conditions or alternatively to deny the DNB Application ("**DNB Decision**").

13. The Weatherstone Property, Bruner Property and DNB Property are hereinafter collectively referred to as the "**Properties**").

Sewer

14. In accordance with the approval of the Weatherstone Development, Hankin constructed the Weatherstone Wastewater Treatment Plant ("WWTP") to service the Weatherstone Development. The WWTP is currently operational pursuant to NPDES Permit No. SEW 1501426 Amendment No. 1 (held by the Township as Permittee) and legally owned by Hankin and equitably owned by the Township pursuant to the Sewer Agreement dated July 1, 2002 between West Vincent Township and West Vincent Associates, Ltd. ("Weatherstone Sewer Agreement"). The WWTP is an 110,000 gallons per day ("GPD") treatment facility that utilizes spray field disposal on Open Space Parcel "B" of the Weatherstone Property.

15. The Township has approved the construction of the Cornerstone Wastewater Treatment Plant ("CWTP") in West Vincent Township in close proximity to the Properties. The CWTP is presently under construction by others and was approved by the Pennsylvania Department of Environmental Protection ("DEP") (with the Township as the Permittee) in conjunction with another development project unrelated to Hankin. The CWTP is an approximately 46,000 GPD treatment facility with expansion capability (although not yet approved) to a 110,000 GPD treatment facility designed to utilize drip disposal on property throughout the Township, including back to properties from which the effluent came and some on property purchased by, or to be but not yet purchased by the Township.

16. The Township desires to have the Properties all serviced by a combination of WWTP and a new treatment plant to be built by Hankin on the Zarichniak Property ("HWTP").

17. While the parties believe there will be sufficient treatment capacity in WWTP and HWTP for development of the Properties as contemplated in this Settlement Agreement, there is uncertainty as to the availability of disposal capacity for all of the Properties.

18. Hankin desires to treat as much sewage effluent as possible at the WWTP since this capacity has already been paid for by Hankin. Accordingly, the parties will need to request a reallocation of capacity at the WWTP from DEP. Any flows, which cannot be treated at WWTP, will need to be treated at HWTP or such other facility as set forth in the Sewage Treatment Section herein. Hankin shall pay the cost, or the proportionate cost of, the Existing or Future Township Disposal Properties as those terms are defined in Paragraph 44C on which disposal from HWTP will occur as more fully set forth in the HWTP Sewer Construction Agreement as defined in Paragraph 44A herein.

PENDING LITIGATION

19. On March 7, 2005, the Board filed a Declaratory Judgment Action seeking ownership of the WWTP in Chester County Court of Common Pleas at Docket No. 05-01906, which was finally adjudicated. There remains, however, a pending claim for costs filed by Hankin, with no adjudication having yet been made on that claim.

20. On August 22, 2006, Hankin filed a Complaint against the Board and its trial counsel, Andrew Bellwoar, Esquire and the law firm of Siana Bellwoar & McAndrew, LP in Chester County Court of Common Pleas at Docket No. 06-07342, alleging that the Declaratory Judgment Action was improperly commenced, with no adjudication having yet been made.

21. On April 24, 2006, the Township filed a Complaint with the Pennsylvania Public Utilities Commission ("PUC") at Docket No. PUC C-20066295, alleging that Hankin was operating the WWTP without a PUC Certificate, with no adjudication having yet been made.

22. On July 25, 2006, Hankin appealed the Township's denial of a demolition permit for a barn situated on the Weatherstone Property in Chester County Court of Common Pleas at Docket No. 06-06410, with no adjudication having yet been made. Subsequent to the appeal of the denial

of the demolition permit Hankin agreed to renovate the barn, which renovation has been completed and for which the Township has issued a certificate of occupancy. Hankin recognizes that the certificate of occupancy that was issued merely indicates that the exterior work on the barn covered by the building permit of which the certificate of occupancy is a part was properly completed and that no actual use or occupancy of the barn has yet been applied for or has yet been approved and it is acknowledged that the barn meets any and all requirements associated with the barn as set forth in any of the approvals for the Weatherstone Development and no further work is required at this time or as part of the Weatherstone Development approvals.

23. On June 21, 2006, Hankin filed a land use appeal in the Chester County Court of Common Pleas at Docket No. 06-05389, appealing the denial and challenging certain of the conditions that the Board recommended be imposed if a court ordered the approval of the Bruner I Application as set forth in the Bruner 1 Decision. No adjudication has yet been made on that appeal.

24. On August 29, 2006, Hankin filed a land use appeal in the Chester County Court of Common Pleas at Docket No. 06-07580, appealing the denial and challenging certain of the conditions that the Board recommended be imposed if a court ordered the approval of the Bruner II Application as set forth in the Bruner II Decision. No adjudication has yet been made on that appeal.

25. On February 9, 2006, Hankin filed a land use appeal in Chester County Court of Common Pleas at Docket No. 06-01221, challenging certain of the conditions imposed by the Board in the DNB Decision. Hankin subsequently filed a second appeal on the DNB case in Chester County Court of Common Pleas at Docket No. 06-02184, which was later consolidated with the

case at No. 06-01221. This consolidated appeal was partially adjudicated by the Honorable Anthony Sarcione by Order and Opinion dated December 11, 2006.

26. On January 8, 2007, the Township appealed the December 11, 2006 decision of the Honorable Anthony Sarcione to the Commonwealth Court of Pennsylvania at Docket No. 111 CD 2007. No adjudication has yet been made on that appeal.

27. On May 10, 2006, Hankin filed an appeal from the 2005 audit of the Township, seeking to surcharge the Supervisors, Township Manager, Township Solicitor and Township Special Counsel for allegedly improper expenditure of taxpayer monies, in Chester County Court of Common Pleas at Docket No. 06-04007. No adjudication has yet been made on that appeal.

28. On August 28, 2006, Hankin filed a Complaint against the Township, the Supervisors, Township Solicitor and Township Special Counsel, in Chester County Court of Common Pleas at Docket No. 06-07542 for allegedly improperly drawing on Hankin's standby letter of credit posted with the Township as financial security for the completion of Weatherstone improvements. This action is pending against the Township and the Supervisors, and a Default Judgment has been taken against the Township Solicitor and Township Special Counsel but a Petition to Open and/or Strike that Default Judgment has been filed and is pending.

THE PARTIES DESIRE TO SETTLE ALL OUTSTANDING DISPUTES AND RESOLVE ALL OUTSTANDING LITIGATION, DISPUTES AND LAND USE ISSUES IN WEST VINCENT TOWNSHIP AS SET FORTH ABOVE; AND

THE PARTIES, INTENDING TO BE LEGALLY BOUND AND FOR ADEQUATE CONSIDERATION AS SET FORTH HEREIN, HEREBY AGREE TO THE FOLLOWING TERMS:

THE BRUNER SETTLEMENT PLAN

29. A Preliminary/Final Subdivision and Land Development Plan entitled "Bruner Residential Development" has been agreed to by and between the parties as a compromise plan of development for the Bruner Property ("**Bruner Settlement Plan**"). The Bruner Settlement Plan is a Plan Set consisting of 19 plan sheets dated June 22, 2007, and last revised October 29, 2007 prepared for Hankin by Edward B. Walsh and Associates, Inc., a copy of which is incorporated herein by reference. The development of the Bruner Property as depicted on the Bruner Settlement Plan is hereinafter referred to as the "**Bruner Development**".

30. The Bruner Development proposes 300 age-restricted dwelling units on the Bruner Property on the north side of Birchrun Road plus one (1) residential unit in the existing house located on the Zarichniak Property for a total of 301 dwelling units on the Bruner Property. The age restriction shall be pursuant to the requirements of the Fair Housing Amendment of 1988, 42 U.S.C. 3607(b)(2)(c).

31. The Bruner Development depicts the construction of 66 townhouse dwellings and 234 condominium units, 1 existing residential unit on the Zarichniak Property (to be a maximum of 11 acres in size including the existing farm house, barn and outbuildings if the property is to be sold as a residential farmstead), a community center and certain greenway to be dedicated to the Township as shown on the Bruner Settlement Plan. While the total unit count shall not exceed 301 units, Hankin may vary the product mix of townhouse and/or condominium units following the execution of the Settlement Agreement. In that event, an amended final plan will be submitted to the Township for execution and the Township will sign and release same for recording within forty-five (45) days of submission, provided the amended final plan (except the unit mix (as described above) variation) remains consistent with the Bruner Settlement Plan. If infrastructure revision is

required as part of the unit mix variation, the Township shall have sixty (60) days from submission to sign and release for recording the amended final plan. If the Township refuses to execute the amended final plan as set forth herein, it shall state the reasons therefore and Hankin may choose to address those reasons and resubmit for Township signature and release for recording to occur within forty-five (45) days of the resubmission, or Hankin may submit the matter to the Chester County Court of Common Pleas pursuant to Paragraph 89 herein for disposition.

32. A. The existing house, barn and other structures (collectively "**Structures**") located on the Zarichniak Property shall be retained and maintained in their current condition as of the date of this Settlement Agreement by Hankin until conveyed by Hankin. When conveyed, the Structures shall be conveyed under and subject to an easement in favor of, and enforceable only by, the Township which shall require Township approval for (a) any change/improvement that would impact the structural integrity of any of the Structures; (b) any change of use of any of the Structures; (c) or result in any demolition of any of the Structures (by either affirmative action or neglect), and which would restrict the approximately 11 acre property from further subdivision or further development outside the defined building restriction boundary as shown on the Bruner Settlement Plan.

B. The Township agrees that the barn may be adaptively reused as a community center for the Weatherstone Apartments as this term is defined in Paragraph 41(A) or for any other use approved by the Board. In the event that Hankin elects to use the barn as a community center for the Weatherstone Apartments, then the portion of the Zarichniak Property that contains the Structures shall be retained by Hankin or the owner of the Weatherstone Apartments ("Retained Zarichniak Property") and in that case the Retained Zarichniak Property shall be a maximum of two acres in size as shown on Exhibit "A" hereto. The remainder of the Retained Zarichniak Property

shall be for a use accessory to the community center and Weatherstone Apartments or the farmhouse may be used as a rental residential unit. In such case, the Structures, when used as set forth in this Subparagraph 32B, shall be subject to an easement in favor of, and enforceable only by, the Township which shall require Township approval for (a) any change/improvement that would impact the structural integrity of any of the Structures; (b) any change of use of any of the Structures; (c) or any demolition of any of the Structures (by either affirmative action or neglect), and which would restrict the approximately two acre property from further subdivision or development outside the defined building envelope as shown on Exhibit "A" hereto. Any use of the barn as permitted under this subparagraph 32B shall be subject to the requirement that the exterior of the barn be kept in its current condition, or be as otherwise approved by the Board, in its discretion, notwithstanding applicable ordinance provisions and Exhibit "G" hereto.

C. In either case, the easement and restriction shall be in a form satisfactory to the Township's Special Counsel/Solicitor.

DNB SETTLEMENT PLAN

33. As part of this Settlement Agreement, the Township has agreed to approve two (2) Preliminary/Final Subdivision and Land Development Plans for the DNB Property (referred to as "**DNB Settlement Plan I**" and "**DNB Settlement Plan II**").

34. The DNB Settlement Plan I is a plan set consisting of 12 plan sheets dated June 13, 2007 and last revised September 21, 2007, prepared for Hankin by Edward B. Walsh and Associates, Inc., a copy of which is included herein by reference. The development of the DNB Property as depicted on the DNB Settlement Plan I is hereinafter referred to as "**DNB Development I.**"

35. The DNB Settlement Plan I proposes 20,000 square feet of commercial space (office or retail) on one (1) floor with no more than twenty (20) residential units (containing no more than 40 total bedrooms) on two (2) floors above the first floor. Optional loft space and balconies on the top floor may also be constructed. Said loft space shall not be considered a story and will comply with all applicable Building Codes. It is understood that an enclosed loft area is considered a bedroom. The Township agrees that the Link Road (Windgate Drive South) can be shifted two (2) feet toward Unit 2 which will require modification of the DNB Settlement Plan I. Said modifications are approved as part of this Settlement Agreement and do not require any further Board approval.

36. DNB Settlement Plan II is a plan set consisting of 12 plan sheets dated July 6, 2007 and last revised October 23, 2007, prepared for Hankin by Edward B. Walsh and Associates, Inc., a copy of which is incorporated herein by reference. The development of the DNB Property as depicted in the DNB Settlement Plan II is hereinafter referenced as the "**DNB Development II.**" The Township agrees that the Link Road (Windgate Drive South) can be shifted two (2) feet toward Unit 2 which will require modification of the DNB Settlement Plan II. Said modifications are approved as part of this Settlement Agreement and do not require any further Board approval.

37. DNB Settlement Plan II proposes a pharmacy and a fast food restaurant with a drive-through.

38. The Township agrees that Hankin may choose at its discretion to record either the DNB Settlement Plan I or DNB Settlement Plan II in accordance with Paragraph 67 herein.

WEATHERSTONE SETTLEMENT PLAN

39. The parties agree through this Settlement Agreement that the Final Weatherstone Plan shall be amended as pertains to the Weatherstone Commercial Area (also known as Phase 1-A

of the Weatherstone Development) as set forth herein below (referred to as the "**Weatherstone Settlement Plan**").

40. The Weatherstone Settlement Plan is a plan set consisting of 17 plan sheets dated June 22, 2007 and last revised October 30, 2007, entitled "Amended Land Development Plans for Weatherstone Commercial-Final Commercial Area" prepared for Hankin by Edward B. Walsh and Associates, Inc., a copy of which is incorporated herein by reference. Also included in the Weatherstone Settlement Plan is a plan set consisting of 2 plan sheets, dated June 22, 2007 and last revised October 29, 2007, entitled "Plan of Resubdivision Residential Units 260-265 and Building IX a part of Phase 1 Weatherstone and Sanitary Sewer Extension Plan" prepared for Hankin by Edward B. Walsh and Associates, Inc., a copy of which is incorporated herein by reference depicting the subdivision of the existing Library and parking area. Both of the above referenced plan sets are hereinafter collectively referred to as the "**Weatherstone Settlement Development.**"

41. The Weatherstone Settlement Development consists of certain changes as shown on the Weatherstone Settlement Plan including, but not limited to, the following:

A. No more than one hundred (100) one (1) or two (2) bedroom apartment units (for a total of not more than 167 bedrooms) with associated parking ("**Weatherstone Apartments**") in two (2) stories above the retail/office buildings with optional loft space and balconies. Loft space shall not be considered a story and shall comply with all applicable Building Codes. It is understood that an enclosed loft is considered a bedroom. The combination of the retail and/or office uses and residential use shall not exceed three stories and all uses above the first story shall be for the Weatherstone Apartments.

B. A YMCA building and associated parking. It is agreed that the building square footage of the YMCA (so long as it is used as a YMCA) shall be in addition to the already approved commercial building square footage of the Weatherstone Commercial Area.

C. Reduction of Building 8 footprint with additional parking spaces being provided.

D. Relocation of Building 5 and parking modifications.

E. Additional retail/office square footage (Weatherstone Settlement Plan) in addition to the Approved Retail/Office Square Footage (up to a maximum of 7,000 square feet of additional square footage) within the approved building footprints of the Weatherstone Commercial Area (it being agreed that said additional retail/office building square footage shall be obtained through the purchase of appropriate TDRs pursuant to the Township's Ordinances in effect at the time of any such purchase or if at such time, the Township Ordinances do not contain TDR purchase rights, then pursuant to the TDR purchase rights set forth in the Township Ordinances as of the date of this Settlement Agreement).

F. Subdivision of the existing Library and parking area.

G. Modifications to stormwater facilities and increased parking.

H. Sewer main extension and easement for the Owen J. Roberts Elementary School and relocation of previously approved stormwater management facilities.

42. The Bruner Settlement Plan, DNB Settlement Plan I, DNB Settlement Plan II and Weatherstone Settlement Plan are, through this Agreement, approved as final subdivision/land development plans ("**Final Approved Plans**") are also collectively referred to herein as the "**Settlement Plans**." Such approval is under and subject to the Township Engineer's (Carroll Engineering Corporation) Review Letter for each Settlement Plan as further accepted, modified and

clarified by the response memorandum for each Review Letter prepared by Hankin's Engineer (EB Walsh & Associates), all as set forth in Exhibit "B" hereto.

43. The Bruner Development, DNB Development I, DNB Development II and Weatherstone Settlement Development are collectively referred to as the "**Settlement Developments.**"

SEWAGE TREATMENT SYSTEM

44. The Settlement Developments will be serviced by a combination of WWTP and HWTP as follows:

A. The HWTP including disposal facilities to be constructed on the Bruner Property will be designed and constructed by Hankin for eventual dedication to the Township. The details of the design, construction and dedication of the HWTP shall be as set forth in an "Agreement for Construction and Operation of Community Sewage Facilities" dated of even date herewith, Exhibit "C" hereto ("**HWTP Sewer Construction Agreement**"). Hankin shall have no obligation for the payment of any tapping fee, capacity fee or connection fee to the Township with respect to sewage treatment at the HWTP, with the exception that should treated effluent generated by the HWTP be disposed of on Existing Township Disposal Properties and/or Future Township Disposal Properties (as defined in Paragraph 44C), Hankin will reimburse the Township for the cost of the Existing Township Disposal Properties, associated land improvements (driveway and well) and any associated consulting fees paid by the Township (which total amount is \$220,000.00) as set forth in the HWTP Sewer Construction Agreement.

B. The Township agrees that it will make available (subject to certain costs as set forth below) all disposal capacity necessary for the Settlement Developments associated with HWTP at such time as Hankin is prepared to utilize said disposal capacity, provided Hankin timely

reimburses the Township, as set forth in Paragraph 44A above and 44C below, for the costs of acquiring the Existing Township Disposal Properties and/or such Future Township Disposal Properties (as described in Paragraph 44C below) as may be necessary for disposal of the additional capacity, as set forth in Paragraph 44A above and 44C below.

C. Sewage flows generated at the Bruner Development will be treated at HWTP with disposal on the Bruner Property and the Township properties located at Horseshoe Trail Road and Route 100 (identified as Tax Parcel Nos. 25-3-20, 25-3-86) ("**Existing Township Disposal Properties**") and/or on additional property that the Township may obtain in the future ("**Future Township Disposal Properties**") and/or additional property Hankin obtains in the future ("**Future Hankin Disposal Properties**") (the Bruner Property, the Existing Township Disposal Properties, the Future Township Disposal Properties and Future Hankin Disposal Properties are collectively referred to as "**Disposal Property**"). The primary disposal area for the HWTP will be on the Bruner Property. At such time that the disposal capacity at the Bruner Property is fully consumed, the Existing Township Disposal Properties shall be utilized for the disposal of treated effluent generated by the HWTP. In the event additional disposal capacity is necessary after use of the Existing Township Disposal Properties, the Township shall identify potential properties which are available for use as disposal land and Hankin shall have thirty (30) days after such written identification by the Township to Hankin to determine if Hankin wants to obtain those properties, have the Township purchase such properties or purchase other unidentified properties. The Township agrees that it shall keep all information relating to such potential disposal land and its notice to Hankin with respect thereto confidential during the thirty day period. If Hankin elects to purchase one or more of the properties identified by the Township or such other properties as may be identified by Hankin, such properties shall be considered Future Hankin Disposal Properties.

Hankin shall be responsible for all costs of obtaining the Future Hankin Disposal Properties and designing, permitting and installing the disposal facilities on the Future Hankin Disposal Properties and the related infrastructure necessary to convey treated effluent to the Disposal Property, all of which shall be subject to the approval of Carroll Engineering Corporation and DEP. Upon completion of construction on the Future Hankin Disposal Properties, all improvements shall be dedicated to the Township in accordance with the HWTP Sewer Construction Agreement. In the event Hankin elects to have the Township purchase the identified properties, such properties as are purchased by the Township shall likewise be considered Future Township Disposal Properties. Concurrently with the Township's purchase of the Future Township Disposal Property, Hankin shall reimburse the Township for the cost of such Future Township Disposal Property and Hankin shall be responsible for all costs of designing, permitting and shall have the option of installing the disposal facilities on the Future Township Disposal Property, all as set forth in the HWTP Sewer Construction Agreement.

D. Assuming available capacity as a result of the Flow Reallocation (defined in Paragraph 45), the DNB Development will be serviced by the WWTP with disposal at the Weatherstone Property. Sewage conveyance from the DNB Property will be provided via a gravity sewer main extension. If a Flow Reallocation is not approved by DEP and/or in the event there is no remaining treatment capacity available at WWTP, treatment for the DNB Development will occur at HWTP with disposal on either Future Township Disposal Properties or Future Hankin Disposal Properties in the manner described in Paragraph 44C above.

E. The Weatherstone Settlement Development will be serviced by utilization of treatment capacity first at WWTP, by consumption of existing capacity and/or by consumption of capacity made available as a result of Flow Reallocation and any excess, untreated flows shall be

treated at HWTP. Disposal associated with HWTP treatment will be supplied as set forth in Paragraph 44C above and the HWTP Sewer Construction Agreement. Disposal of treated effluent generated at the WWTP will be at the existing spray fields at Weatherstone.

F. Hankin will be responsible for constructing, at its expense (or pro-rata reimbursing the person or entity that constructed it or making payment of the appropriate tapping fee pursuant to the terms herein), the infrastructure necessary to convey raw sewage to the HWTP and to convey treated effluent to the ultimate Disposal Property for disposal. The calculation and payment of user fees by users connected to the HWTP and Hankin's obligations with respect to operating deficits shall be addressed in the manner described in the HWTP Sewer Construction Agreement. It is also understood that all Disposal Properties acquired by Hankin shall be offered for dedication to the Township as provided herein or in the HWTP Sewer Construction Agreement.

45. The parties agree to use best efforts and take all reasonable steps to expeditiously seek and obtain approval from DEP for an adjustment of the flows attributed to units, which are connected to the WWTP ("**Flow Reallocation**"). Said efforts will include, but are not limited to, meeting, as necessary, with DEP as well as the timely production of all materials necessary to obtain the Flow Reallocation. The parties agree that the following protocol will be followed to obtain a Flow Reallocation of the WWTP.

A. Township and Hankin have met with representatives of DEP to discuss the Flow Reallocation and other sewer related issues and will continue do so in the future as necessary.

B. Hankin and/or Carroll Engineering Corporation will prepare all necessary documents, analyses and studies to justify the Flow Reallocation. If prepared by Hankin, they will be subject to the approval of Carroll Engineering Corporation and the cost of such preparation or any review by Carroll Engineering Corporation shall be at Hankin's expense.

C. Within ten (10) days of the execution of this Settlement Agreement, the Township will enact a Resolution supporting the Flow Reallocation at a rate not greater than 220 GPD per single family detached dwelling unit, 180 GPD per apartment unit and 150 GPD per age restricted unit and will forward said Resolution along with appropriate supporting documents and narrative to DEP. The Township's obligation to enact the Flow Reallocation Resolution (Exhibit "D") shall be further conditioned upon Hankin having provided the appropriate supporting documents, analyses and studies approved by Carroll Engineering Corporation and having paid any reasonable Township costs associated with the review thereof.

D. The parties, and their consultants, when necessary, will attend all appropriate meetings with DEP, and any other meetings necessary to obtain approvals, and the parties' respective consultants will expeditiously prepare and submit the appropriate documents and responses to DEP's questions and review comments.

E. Hankin shall pay all costs incurred by the Township's consultants for any services provided in accordance with this paragraph.

46. Capacity created by the Flow Reallocation plus existing excess capacity in WWTP will be allocated in the following order:

A. 4,500 GPD to the DNB Development;

B. 4,600 GPD to the Owen J. Roberts Elementary School ("**School**") located on Route 401 without any cost to the School and with Hankin allowing connection to the WWTP System as shown on the Settlement Plans. Hankin shall install the sewer line as shown on the Weatherstone Settlement Plan by May 1, 2008 and shall expeditiously respond, as appropriate, to any requests for additional information requested by DEP. The parties agree that if there is any delay in the availability of the said School capacity, the parties will equally split the net amount of

the pump and haul service for the School for the first three (3) months such service is necessary. The net amount of the cost of such service shall equal the gross cost to provide the service less the amount of user fees paid by the School. The Township shall be solely responsible for paying the net amount for such pump and haul service after the first three months of such service unless Hankin has caused the service to be necessary for a longer period due to Hankin's violation of its obligation under this subparagraph 46(B). In the event service beyond the first three months is necessary because Hankin has violated its obligations under this subparagraph 46(B) then Hankin shall be responsible for paying the net cost of such service for the period of time beyond the initial three (3) months that is a result of their violation. Said capacity in WWTP shall not be available to the School unless and until DEP approves Flow Reallocation and the Date (as defined herein at Paragraph 64).

C. Any remaining capacity shall be allocated to the Weatherstone Commercial Area (including the Weatherstone Settlement Development).

47. Within thirty (30) days of DEP approval of a Flow Reallocation, the Township will accept dedication of the WWTP and its associated pipes, pump stations, lines, appurtenances and related easements as shown on the Final Weatherstone Plan, including any new sewer lines or system improvements and the Open Space parcels (Open Space Parcel B and C as shown on the Final Weatherstone Plan) on which they are built (collectively the "**WWTP System**"), in such fashion and subject to such conditions as more specifically set forth in Section 6 of the Weatherstone Sewer Agreement and the existing "Amended and Restated Subdivision and Land Development Escrow Agreement for Weatherstone Subdivision in West Vincent Township dated January 17, 2005" ("**Weatherstone Escrow Agreement**"). It is understood that Section 6(c) of the Weatherstone Sewer Agreement precluding dedication during the terms of Hankin's bond financing

as well as Sections 6(a)(1), 6(a)(2), 6(b)(1) (the portion referring to an operating reserve account); 6(b)(2) (except as provided herein), 6(b)(10), 8(d) (except as provided herein), 8(e) and 9(f) are all superceded by this Settlement Agreement and of no effect. If Hankin properly completes additional WWTP System improvements following the dedication, said additional improvements shall also be offered for dedication to the Township and accepted within thirty (30) days of Carroll Engineering Corporation's certification of proper completion. Hankin will not be required to pay any tapping fee, capacity fee, connection fee or any other fee whatsoever to the Township with respect to sewage treatment at the WWTP System. The preceding sentence shall not be construed to relieve Hankin of its obligation to pay or reimburse the Township for the charges of its consultants as provided in the Weatherstone Escrow Agreement. The Township will not take any action to knowingly jeopardize the tax free nature of the bonds for the WWTP and the Township will provide such documentation (with Hankin being responsible for all costs of doing so) as may reasonably be necessary to confirm same, so long as doing so does not prevent dedication to the Township as required under the Weatherstone Sewer Agreement, the Weatherstone Escrow Agreement and this Settlement Agreement. Hankin agrees that as long as Township complies with the obligations of the preceding sentence, Township will be in compliance with its obligations under this Paragraph 47 pertaining to the tax free nature of the bonds. Hankin recognizes that Township and its Special Counsel/Solicitor have not been involved at all in the issuance of the bonds obtained by Hankin to finance the WWTP, have not examined all of the documents that were a part of that financing and have not rendered any opinion on their validity or tax status of that financing. Nothing contained in this Settlement Agreement shall be considered a representation by the Township or its Special Counsel/Solicitor that the bonds are tax free or will be tax free in the future.

48. Hankin shall comply with all provisions of the Weatherstone Sewer Agreement and Weatherstone Escrow Agreement both at the time of the dedication and thereafter, except as modified herein. Hankin agrees to enter into a maintenance agreement and post a maintenance bond with the Township as set forth in the Weatherstone Sewer Agreement and Weatherstone Escrow Agreement. Township agrees that during the period of any maintenance bond it will have the WWTP operated by an operator selected by Township, provided that any such operator is certified by the sewer specialist with the Township Engineer (currently Allen Mason) to be a reputable operator. During the term of the maintenance bond, expenses or charges resulting from the Township's and/or plant operator's negligent operation (through error or omission) and/or instances of operation which violate the DEP permit requirements or standard operating procedure, including fines or penalties imposed by DEP or other governmental entity jurisdiction and awards and settlements and expenses arising from litigation based upon the Township's or plant operator's negligent operation of the WWTP System shall not be paid for by Hankin or funded through the maintenance bond. Hankin will pay to the Township a capital reserve payment calculated pursuant to the Weatherstone Sewer Agreement of One Hundred Eighty-Five Thousand Seven Hundred Sixty-Seven Dollars (\$185,767.00) upon dedication, to fund a capital escrow account ("**Capital Escrow Account**"). Except for the user fees for connected units that are owned by Hankin, Hankin will have no further responsibility or liability regarding the WWTP System upon dedication and funding of the Capital Escrow Account and specifically shall have no responsibility to pay any monies for an operating account provided that all expenses are paid prior to dedication of the WWTP. The parties recognize that heretofore Hankin has been subsidizing the rates for the users of the WWTP and that unless Hankin voluntarily does so in the future, the user fees upon dedication will need to be increased to cover the full costs of the operation of the WWTP.

49. The HWTP will be dedicated to the Township and Hankin's obligation with respect to a maintenance bond shall be addressed in the manner as set forth in the HWTP Sewer Construction Agreement. Hankin will have no further responsibility or liability regarding the HWTP upon dedication and specifically shall have no responsibility to pay any monies for any capital reserves except for operating deficits in the manner described in the HWTP Sewer Construction Agreement.

50. The parties agree that Hankin will design the gravity lines for each of the Settlement Plans, design and depict the pump station and force main locations on the Bruner Settlement Plan and prepare Planning Modules or Planning Module exemptions, as appropriate, for all Settlement Plans, subject to approval by the Township (based on the review and recommendation of Carroll Engineering Corporation) and DEP. The Township agrees it will grant Hankin an easement at no cost across Tax Parcel Number 25-6-59 in order to flow the sewage to the Existing Township Disposal Property or Future Township Disposal Properties or Future Hankin Disposal Properties in a location as shown on Exhibit "E" attached hereto. Hankin agrees that it will be responsible for (1) paying all the costs of any work on said easement area, (2) all costs of restoring the property to its pre-construction condition, after the construction which restoration shall be to the satisfaction of the Township Engineer, and (3) providing insurance and indemnification to the Township in the form as provided for in the Development Agreement attached hereto as Exhibit "F".

51. The parties agree that Hankin shall pay for and prepare the documents and plans necessary for all DEP approvals and permits for the following: HWTP and drip disposal fields and/or other approved land applications of treated effluent on the Bruner Property, the Existing Township Disposal Properties and the Future Township Disposal Properties and all work related to

the Flow Reallocation. All such documents and plans shall be subject to the review and approval of Carroll Engineering Corporation which reasonable costs shall be paid by Hankin.

52. Sewer rental fees shall not be assessed or collected for any of the non-residential buildings or units therein on any of the Settlement Properties until issuance of a use and occupancy permit for said building or unit. Hankin agrees that until a use and occupancy permit is issued for any building or unit no sewage shall be permitted to flow from that building or unit.

53. The Township agrees that in the event it elects to increase sewer rental fees at the WWTP, that for a period of ten years from the date of this Agreement, prior to approving any increase of sewer rental fees in excess of 10% over the prior fiscal year, Hankin will be given the opportunity to review and comment regarding the increase and shall have the opportunity to review all information relied on by the Township for justification of the rate increase. Said information to be made available to Hankin at the Township offices and notice of the intention to raise rates in excess of 10% shall be presented to Hankin, in writing, at least thirty (30) days prior to enactment of the anticipated increase. Should Hankin not review and comment on such increase, Hankin does not waive its right to contest such increase pursuant to applicable law. Hankin and the Township acknowledge that the calculation and payment of user fees for HWTP shall be addressed in the manner described in the HWTP Sewer Construction Agreement.

54. All disposal fields shall be constructed by a qualified contractor in accordance with the applicable DEP permit. Once the disposal fields on the Bruner Property and/or Future Hankin Disposal Properties as may be purchased by Hankin are constructed and approved by DEP, Hankin will offer for dedication such Disposal Properties and the other land on the portion of the Bruner property south of Birchrun Road that is not part of the farmstead unit or Weatherstone Apartment's

Community Center unit to the Township subject to the HWTP Sewer Construction Agreement attached as Exhibit "C" hereto.

55. The Township hereby agrees that there is, or will be, sufficient treatment, storage and disposal capacity for all Settlement Developments in the WWTP and/or HWTP provided that Hankin complies with its requirements under this Agreement and all other agreements referred to herein, as modified hereby, and that the Township will cooperate, take all necessary steps and act in an expeditious manner, with respect to all permitting, meetings and approval and execution of all necessary documents to effectuate the terms of this Agreement and will be the Permittee on any necessary permits, as requested by Hankin. Neither the Township nor any member of the Board (or agent/representative of the Township or Board) will take any action which would in any way jeopardize Hankin's ability to utilize either WWTP or HWTP as contemplated in this Agreement. In the event that DEP does not approve the Flow Reallocation and/or any Planning Module (or any related Part II construction permit application) and/or Planning Module exemption necessary to accommodate the terms of this Agreement. The Township will, within ninety (90) days of receipt of said DEP decision, advise Hankin of Township alternatives to remedy whatever deficiency is cited by DEP as the basis for denial.

A. If the stated deficiency relates to a Planning Module submission with regard to which DEP has identified the need for an additional or an alternative disposal area, the Township and Hankin will cooperate as necessary to obtain DEP's approval of the Planning Module, subject to a flow limit based upon available approved disposal capacity. The aforesaid approval will be subject to the further understanding that the approved flow limit will be extinguished or increased in conjunction with the identification and approval of additional disposal capacity. The Township agrees to arrange for additional disposal areas in accordance with Paragraph 44C and to fully

cooperate with Hankin in the submission of amended and/or supplemental Planning Modules intended to address or eliminate the disposal deficiency. Nothing herein shall require the Township to allow any expansion of spray fields at Weatherstone. Any additional or alternative disposal area shall be for disposal of effluent generated by the HWTP. If the cited deficiency relates to any other defect in the Planning Module submission other than a disposal deficiency, the Township will advise Hankin within ninety (90) days of receipt of said DEP denial of alternatives to remedy said deficiency and will fully cooperate with Hankin in correcting or eliminating such technical defect.

B. If the deficiency cited by DEP states that sufficient treatment capacity is not available as contemplated by this Settlement Agreement or should DEP refuse to permit HWTP, the Township will allow connection to the CWTP or such other regional facility as the Township has determined is appropriate, and shall immediately commence design, permitting and engineering and take all other necessary action to secure DEP approval of an expansion of the CWTP or other treatment facility so as to accommodate the sewage flows anticipated by this Settlement Agreement in the most cost effective manner to Hankin as determined by the Township Engineer. The cost of doing so shall be allocated as set forth in this Agreement and applicable Pennsylvania law. Hankin understands that the Township's obligation to provide capacity at any facility beyond the use of the WWTP and the HWTP as called for in this agreement is conditioned upon Hankin using all of its efforts to obtain approval from DEP for the HWTP. Only if DEP refuses to approve the HTWP, despite Hankin's best efforts to obtain such approval, is Township required to permit connection to CWTP or any other facility. Hankin understands that the Township is having discussions with other potential users of the CWTP and Hankin agrees that it will pursue approval of the HTWP in the most expeditious manner possible so as not to unduly delay Township's ability to provide service to other potential users of the CWTP. The Township agrees to give Hankin at least forty-five (45)

days written notice of its intention to enter into an agreement with any person or entity that would reserve capacity at CWTP beyond the initial 46,000 GPD capacity. The Township agrees not to allow any other person or entity to reserve capacity at CWTP beyond the initial 46,000 GPD capacity unless that person or entity purchases the capacity at the applicable rate at the time of purchase in accordance with state law. The Township agrees to permit Hankin to purchase available capacity at the CWTP at any time that Hankin desires to do so, which purchase shall be at the applicable rate at the time of purchase in accordance with state law. In the event Hankin has purchased capacity at CWTP that Hankin later determines it does not need, Township agrees to reimburse the amount paid for such capacity or part of such capacity, as and when Township is able to sell the capacity to another user. The Township agrees that it will reimburse Hankin for its unneeded capacity prior to making other capacity available for purchase by others. Hankin agrees that once it has received unappealed/unappealable DEP approvals/permits for HWTP any capacity Hankin has purchased at CWTP shall be unneeded capacity and shall be available for the Township to sell to other users with reimbursement to Hankin of the amount or portion of the amount paid by Hankin at the time funds are paid to the Township.

C. Hankin understands that the annual average capacity of the HWTP is intended to be 50,000 GPD. Hankin also understands that in the event that DEP does not approve the flow allocations contemplated by this Settlement Agreement or otherwise determines that additional treatment capacity is needed for the flows intended by this Agreement to be handled by the WWTP and the HWTP then the capacity of the HWTP may need to be increased and in that case Hankin shall take all necessary steps, at its sole expense, to modify the plans and documents for the HWTP to provide for such increased capacity.

D. Nothing contained in this Agreement shall permit any of the development contemplated in the Bruner Settlement Plan to have its sewage treated at WWTP or disposed of on any portion of the Weatherstone Property.

56. Provided that Hankin supplies appropriate documentation, the Township agrees it will be the applicant/permittee on any DEP permit application if requested by Hankin for any or all of the Settlement Plans. The Township agrees it will support any documents submitted to DEP for a flow rate of 150 GPD for each age-restricted unit and 180 GPD for each apartment unit. The parties recognize that any determination of the approved flow rate is done by DEP.

57. Both Hankin and the Township acknowledge that the proposed method of sewage service referenced in this Settlement Agreement must ultimately be approved and permitted by DEP. To that end, both parties agree to use their combined best efforts to obtain DEP approval of, and permitting for, the proposed treatment and disposal as contemplated herein. To the extent that DEP requires a modification of the WWTP System, HWTP or the CWTP (or portions thereof) other than as contemplated herein, said modification shall not be considered to be a breach of this Settlement Agreement and both parties shall continue to use best efforts to facilitate and accommodate the requested or required modifications as set forth therein. Nothing herein shall relieve Hankin from its obligations to pay for all or its share of the costs of any such modifications as set forth herein. Nothing herein shall require the Township to allow any land in the Weatherstone Development to be used for disposal beyond the existing spray fields.

58. If for any reason the completion of any of the treatment or disposal improvements does not occur prior to the completion of any of the improvements shown on the Settlement Plans that are intended to connect to either WWTP, HWTP or CWTP, then the Township agrees that pending the ability of the WWTP System, HWTP or CWTP to accept flows, the Township will not

object to temporary waste disposal for any of the completed Development Plans by "pump and haul" or by "holding tanks" or other approved method, until the WWTP System, HWTP or CWTP (if required by DEP) is able to accommodate the treatment needs of the particular users. The Township will cooperate in the obtaining of pump and haul permits, or a permit for holding tanks from the DEP and other applicable governmental agencies. Pump and haul permits or holding tank permits will be obtained in the name of the Township, and the Township will cooperate in obtaining such permits. Neither the permitting or pump and haul operation shall be at any cost to the Township unless the delay in obtaining DEP approvals is solely caused by the Township. The Township will not withhold or delay issuing building permits and certificates of occupancy provided that alternative sewage disposal (including pump and haul) is available.

WATER SERVICE

59. Public water service for all Settlement Developments will be supplied to the Properties by Aqua PA. The Board shall cooperate in any and all applications (including an application to expand the service territory) necessary to provide the Settlement Properties with public water from Aqua PA. Any costs associated with obtaining such service shall be paid by Hankin.

TRAFFIC IMPROVEMENTS AND DEDICATION

60. In lieu of payment of any fees otherwise required now or in the future for off site traffic improvements in conjunction with Settlement Plans, the following improvements shall be constructed, all subject to PennDOT approval. Hankin shall not be required by the Township to make any other on-site or off-site roadway or intersection improvements or monetary traffic impact contribution to the Township in conjunction with the Settlement Plans other than as provided in this Settlement Agreement or in the Settlement Plans.

A. In conjunction with the Bruner Development, Hankin shall make the following improvements to area roads:

(1) Improve Lexington Boulevard along the Bruner property line as shown on the Bruner Development Plan following the Township acquisition, at the Township's cost, of necessary right-of-way from Tax Parcels Nos. 25-6-6.02 and 25-6-6.01, the property west of the Bruner Property which acquisition shall occur within three (3) months of this Agreement. Should condemnation be necessary to acquire the necessary right-of-way and should Preliminary Objections be filed by the owners of the condemned properties to said condemnation then Hankin may choose to phase the construction of the Bruner Development as identified in the Bruner Final Plans to accommodate the timing of the Lexington Boulevard improvements.

(2) Construct improvements along Birchrun Road and improvements to the intersection of Birchrun Road and Lexington Boulevard as shown on the Bruner Development Plan and as required by PennDOT in conjunction with Hankin's Highway Occupancy Permit ("**HOP**") permit approvals

(3) Other traffic improvements required by PennDOT during the review of the HOP Application(s) for the Bruner Development.

(4) Hankin shall offer for dedication and the Township shall accept Lexington Boulevard and its associated right-of-way and Birch Run Road right-of-way expansion as shown on the Bruner Development Plan, upon approval of the Township Engineer as called for in the Development Agreement.

B. In conjunction with the DNB Development, Hankin shall make the following improvements to area roads:

(1) The construction and dedication of the link road (Wingate Drive South) on the DNB Property ("**Link Road**") subject to obtaining the additional right-of-way from Downingtown National Bank. Should Downingtown National Bank refuse to amicably provide the necessary additional right-of-way for a public road and the Township is unable or unwilling to acquire same pursuant to Paragraph 61 herein, Hankin will provide a public access easement over the existing private road or may submit an amended final plan to accommodate a public road pursuant to Paragraph 68 herein.

(2) The installation of a traffic light at the intersection of the Link Road and Route 401 unless PennDOT will not approve the traffic light because the necessary warrants do not exist. The Township shall have the ability to provide to Hankin comments as to traffic light timing in relation to the Settlement Plans and Hankin agrees to provide copies of all PennDot applications to Township at least thirty (30) days prior to their intended submission to PennDot to allow for such comments. Hankin agrees to either modify its PennDot permit application to accommodate the comments of the Township with regard to traffic light timing or submit said comments to PennDot along with its application.

(3) The construction of a right turn lane on westbound Route 401 at the intersection with Route 100, subject to Township acquisition at its sole cost of the necessary right-of-way on Tax Parcel No. 25-6-61.

(4) Other traffic improvements required by PennDOT during the review of the HOP Application(s) for the DNB Development.

C. In conjunction with the Weatherstone Settlement Development, Hankin shall make additional traffic improvements beyond those called for in the existing approvals for Weatherstone, only if and as required by PennDOT in conjunction with its HOP Application(s) to

PennDOT. Nothing contained herein shall relieve Hankin of the responsibility for traffic improvements required by the existing approvals for Weatherstone such as those to Westover and Fellowship Roads.

61. To the extent that additional right-of-way (not under the control of Hankin) is necessary to accommodate the traffic improvements required by this Settlement Agreement and/or the Township as set forth herein, (except additional improvements specifically required by PennDOT and not identified in this Agreement) the Township will take the necessary steps to acquire same. If the Township must exercise the power of eminent domain to acquire said right-of-way, Township will pay all costs and expenses associated therewith as ultimately adjudicated by a Court of competent jurisdiction. All costs or expenses associated with acquisition of additional right-of-way necessary for traffic improvements required by the Township and/or as set forth in this Agreement (except for those required by PennDot and not required by the Township by this Agreement) shall be borne by the Township. The costs of all of the actual traffic improvements shall be borne by Hankin. Anything contained in this Paragraph 61 to the contrary notwithstanding, Township agrees that it is responsible for obtaining (1) the right-of-way for the portion of Lexington Boulevard shown on the Bruner Settlement Plan that is not on property under the control of Hankin pursuant to Paragraph 60(A)(1) herein; (2) right-of-way necessary for the construction of a right turn lane at the intersection of Route 401 and Route 100 pursuant to Paragraph 60(B)(3) and (3) the Link Road pursuant to Paragraph 60(B)(1) if DNB Bank refuses to amicably provide for it.

62. The Township will accept dedication of roads or other public improvements required to be offered for dedication as shown on the Settlement Plans in accordance with the requirements of the MPC, this Settlement Agreement, the Weatherstone Escrow Agreement and the Development Agreement for DNB and for Bruner (Exhibit "F" attached hereto).

63. Hankin agrees that it will not restrict access to the roads/driveways within the Weatherstone Commercial Area reserving, however, the right to restrict access in the event of emergency and/or special commercial/business events or for road maintenance.

FIRE COMPANY CONTRIBUTION

64. The Board has requested, and Hankin has agreed that it, or another Hankin Group entity or affiliate if Hankin so elects, will remit the sum of \$200,000.00 as a contribution to the Township with the understanding that the Township will remit same to Ludwigs Corner Fire Company, which shall be payable on the first day following the later of the date of the applicable appeal period from the execution of this Settlement Agreement and the Commonwealth Court Order approving this Settlement Agreement with no appeal having been taken from either (including no appeal from any of the Settlement Plans) ("**Date**"). In the event of any appeals, Hankin and Township agree to work together to have any such appeals dismissed or defeated as quickly as possible. In the event of any appeals, the "**Date**" shall be the date when the last of any such appeals is finally dismissed or defeated or resolved to the mutual satisfaction of Hankin and the Board. The payment shall be made to Township and Township shall turn over the sum paid to the Fire Company.

ZONING ORDINANCE AND SUBDIVISION AND LAND DEVELOPMENT ORDINANCE RELIEF

65. The parties acknowledge that the Settlement Plans do not fully comply with all of the applicable Township ZO and/or Subdivision and Land Development Ordinance ("**SALDO**") provisions. Accordingly, this Settlement Agreement grants all of the relief from the SALDO and ZO ("**SALDO and ZO Relief**") as listed on each of the Settlement Plans or as otherwise necessary to accommodate the improvements as shown on the Settlement Plans regardless of whether it is separately listed on the Settlement Plans. Hankin agrees that review and approval (not to be

unreasonably withheld) by the Township's Solicitor/Special Counsel of any applicable condominium or homeowners association documents for any of the Settlement Developments shall be a condition of the respective Settlement Plan Approvals. The homeowners association documents ("**HOA Documents**") shall include provisions that (i) give the Township the right to enforce them and especially the maintenance requirements contained in the HOA Documents, (ii) give the Township the right to have a non-voting representative of the Township's selection attend at all meetings of the Association members or its governing body/board, and (iii) require the Township Solicitor's review and approval, not to be unreasonably withheld, for any amendments to the HOA Documents.

**PRELIMINARY/FINAL SUBDIVISION AND
LAND DEVELOPMENT PLAN (SETTLEMENT PLAN) APPROVALS**

66. By execution of this Settlement Agreement, the Township approves each of the Settlement Plans as Final Subdivision and Land Development Plans. Each of the Final Subdivision and Land Development Plans for each Settlement Plan is approved conditioned upon receipt of applicable third party permits and approvals and the respective Township Engineer review letter set forth in Exhibit "B".

67. Upon receipt of all third party unappealed and unappealable permits or approvals required by a Settlement Plan, Hankin shall have one (1) year to post financial security and record said Settlement Plan. This time period shall be extended by the Township if requested by Hankin for cause shown which can include market conditions and which approval shall not be considered withheld. Regarding the DNB Property, Hankin shall have until December 31, 2009 to post financial security and record one of the Settlement Plans for DNB. This time period shall be extended by the Township if requested by Hankin for cause shown which can include market conditions and which approval shall not be unreasonably withheld provided that Hankin has

selected which of the DNB plans it will develop. Once Hankin has either recorded one of the DNB Settlement Plans or selected which of the DNB Plans it will develop, it shall have no further rights regarding the other DNB Settlement Plan. Hankin shall not be permitted to record a particular Settlement Plan until it has executed its respective Development Agreement in form attached hereto as Exhibit "F" and posted the required financial security for dedicated improvements and non-dedicated stormwater management, sewer and perimeter landscaping improvements (collectively "Improvements") for that Settlement Plan or the phase of that Settlement Plan referenced in the Development Agreement. Hankin understands that although most of the streets and driveways and a number of other improvements for the Bruner Settlement Plan are intended to be owned by a homeowner association and are not going to be covered by the required financial security, Hankin shall remain obligated to construct them in accordance with the Bruner Settlement Plan and subject to the inspection, at Hankin's expense, in accordance with the provisions of the MPC, by Carroll Engineering Corporation. In addition, Hankin understands that pursuant to Section 509(m) of the MPC, portions of the Improvements necessary for a particular unit in any of the Settlement Plans for which a use and occupancy permit is requested will need to be constructed prior to issuance of use and occupancy permits for that unit with the understanding that the Township will issue use and occupancy permits prior to the final paving course of the roads as shown on the Settlement Plans.

68. If, following execution of this Settlement Agreement, certain modifications to the Settlement Plans (including but not limited to lot lines, unit mix, unit size, driveways, buildings, roads, parking, open space) may be necessary to facilitate engineering, environmental, design modification as well as modifications required by county, state and federal regulatory agencies in conjunction with review of applicable permit applications for environmental encroachments, planning module reviews and road improvement requirements ("**Modifications**"), said

Modifications will not be construed as being inconsistent with the respective Settlement Plan or this Settlement Agreement and will be permitted absent amendment of this Settlement Agreement. The Township will execute for recording such amended final plan within forty-five (45) days of submission by Hankin if there is no change to infrastructure, and within sixty (60) days if there are changes to the infrastructure, provided there is no increase in density and/or square footage of non-residential development as permitted by this Settlement Agreement. If the Township refuses to execute the amended final plan as set forth herein, it shall state the reasons therefore and Hankin may either choose to address those reasons and resubmit for signature by the Township to occur within forty-five (45) days of Hankin's resubmission or submit the matter to the Chester County Court of Common Pleas pursuant to Paragraph 89 herein for disposition. Minor field changes and adjustments in the course of actual development of the Settlement Plans shall be approved by the Township Engineer in the field, utilizing reasonable judgment by applying generally accepted engineering practices and standards. To the extent any of the Modifications, to be approved by the Board, require additional ZO or SALDO Ordinance relief, such relief is deemed granted by this Settlement Agreement, effective as of the date of the Board's approval of the Modification.

PHASING

69. Hankin and the Board have agreed that Hankin may construct or develop the Bruner and Weatherstone Settlement Properties in phases as shown in the Settlement Plans ("**Phasing Plan**"). Any modification to a Phasing Plan shall be reviewed and acted upon by the Township as set forth in Paragraph 68 herein.

70. In the event that a Phasing Plan is submitted, Hankin may record a Settlement Plan for the respective Settlement Property and proceed to construct in sequence in accordance with the approved Phasing Plan. In that event, a note shall be added to the Settlement Plan which provides

that financial security for development of the Property may be posted in phases with the Township in an amount adequate to insure the completion of improvements in that particular phase and that no development in any subsequent construction phase may commence absent the posting of additional financial security for that phase of development. The amounts of said security shall be determined as set forth in the MPC and as further set forth in this Agreement.

INSPECTIONS

71. All engineering inspections of roads, sewers or other site improvements associated with any of the Settlement Plans shall be performed by Carroll Engineering Corporation or such other person or entity serving as Township Engineer, subject to the provisions of Paragraph 103 below ("**Township Engineer**").

72. Hankin shall have the right to review and comment on any plans, non-privileged documents or review letters to or from the Township Engineer relating to any or part of the Settlement Plans, the WWTP System, HWTP, CWTP, and/or other utility improvements.

73. All Township consultant review invoices shall contain sufficient details (as is generally accepted in the appropriate profession) of all work performed by the consulting engineer, attorney or other consultant.

74. The parties agree that the following shall constitute the inspection, review and inspection fee process:

A. Notification of Inspections. Prior to the commencement of construction, Hankin's contractor ("**Contractor**") is responsible for notifying the Township Engineer a minimum of 24 hours in advance of any work being accomplished. The Contractor shall also notify the Township and Township Engineer of any work stoppages. Telephone contact is an acceptable means of notification.

B. Site Inspections: Inspections and inspection frequencies shall be performed as follows:

(1) A pre-construction meeting shall be held prior to the commencement of a phase. Attendees should consist of Hankin, Township representatives, a representative of the Chester County Conservation District and such other representatives of the parties or their contractors as appropriate. Normally representatives of the contractors engaged to perform site work or utility work are required unless excused by the Township Engineer.

(2) Installation of erosion and sedimentation (E&S) controls (silt fence, sediment traps, sediment basin and swales). E&S inspections may be performed to verify proper implementation of E&S controls on a spot inspection basis or as needed as agreed to by the Township Engineer and Hankin, except in emergency situations.

(3) Basin keyway excavation and compaction shall be inspected and approved on a spot inspection basis or as needed as agreed to by the Township Engineer and Hankin, except in emergency situations.

(4) In sections of the installation, compaction and completion of drainage structures shall be on a spot inspection basis or as needed as agreed to by the Township Engineer and Hankin, except in emergency situations. Video inspection of such items will not be required except to the extent the Township Engineer suspects damage to such piping or items that cannot be inspected in another less expensive fashion.

(5) No back-filling of any sanitary sewer facility (including disposal fields) shall be performed until inspected by the Township Engineer. Video inspection of such items will not be required except to the extent the Township Engineer suspects damage to such piping or items that cannot be inspected in another less expensive fashion.

(6) Curb installations on a spot inspection basis or as needed as agreed to by the Township Engineer and Hankin, except in emergency situations.

(7) Proof roll and general inspection of the road subgrade prior to installation of stone base course on a full time inspection basis.

(8) Proof roll and general inspection of the stone base course on a full time inspection basis.

(9) Placement inspection of the binder course on a full time inspection basis.

(10) Placement inspection of the wearing course on a full time inspection basis.

(11) Conversion from sediment basin to permanent stormwater management facility on a spot inspection basis. The Chester County Conservation District must approve the basin conversion prior to work being performed.

C. Construction Progress Meetings: Construction Progress Meetings will be scheduled by the Township Engineer on an as needed basis, or by request by Hankin.

D. General:

(1) The Construction Sequence shall be followed as outlined on the approved Settlement Plans or as modified as set forth herein. Construction sequence as it relates to E & S control shall be as approved by the Conservation District.

(2) All erosion and sedimentation controls shall be in place and approved by the Conservation District prior to general site disturbance and shall thereafter be maintained during the course of construction by Hankin and its contractors and subcontractors.

(3) Construction entrances shall be maintained at all times. All mud tracked onto roadways will be the responsibility of the Contractor and Hankin to immediately remove.

TOPSOIL

75. The Township agrees that all existing topsoil stocked at Weatherstone for removal, as well as any additional excess topsoil (as determined by Hankin), can be removed by Hankin at such time as Hankin deems appropriate from the Weatherstone Property, Bruner Property and DNB Property as necessary to commence, implement and complete any and all construction of the Development Plans for each Settlement Plan.

NO SIANA, BELLWOAR & MCANDREWS INVOLVEMENT

76. The Township agrees that neither the Siana, Bellwoar & McAndrews firm nor any individual attorney within that firm ("**Excluded Attorneys**") shall have any involvement whatsoever in any Hankin matter (or any associated or related entity) within West Vincent Township (including but not limited to the Weatherstone Property, Bruner Property, DNB Property) whether employed by said law firm or subsequently self-employed or associated with another firm. Hankin agrees that it does not presently have any interest in any other property in West Vincent Township and that it will notify the Township, prior to the time any development or development approval process is begun, if it acquires any such interest in the future. The parties agree that the exclusions contained in this Paragraph 76 shall apply to any after acquired property in the Township subject to the terms contained herein. For purposes of this paragraph only, Hankin shall include any entity (other than one that is publicly traded in which the interest is less than a five percent ownership interest) in which Robert Hankin, any sibling of his or any member of his immediate family has an interest. Hankin agrees that in the event it seeks to have the Township consider

another property or entity covered by this paragraph it will notify the Township either once said interest is acquired or in no event later than the time any application for development of said property is filed with the Township. Hankin recognizes that absent notice to the Township the Township has no way to know what interest Hankin or other Hankin related entities may have in other properties in West Vincent Township. Hankin also recognizes that once a development or a development approval process begins it can be very expensive and/or time consuming to change the Township's legal representation. Therefore the burden is on Hankin to notify the Township if there is a property in West Vincent Township beyond those specifically identified as a Hankin property by this Agreement, for which Hankin maintains the restriction set forth in this paragraph applies. To the extent Hankin fails to timely notify the Township the Township shall only be required to replace the Excluded Attorneys if Hankin and the entity involved agree to both pay any costs incurred by the Township in replacing the Excluded Attorney and grant or obtain an extension of any applicable time limit as needed by the attorney selected by the Township to replace the Excluded Attorneys.

WEATHERSTONE CONDITIONAL USE DECISION

77. To the extent there is any inconsistency between this Settlement Agreement or the Settlement Plans and the Weatherstone Conditional Use Decision, this Settlement Agreement and the Settlement Plans shall supersede those provisions. In addition, except as provided in this Agreement, no further plan submission documents shall be required with the Final Plan review process other than modifications of the Settlement Plans as may be required through this Settlement Agreement. Except as provided in this Agreement, no additional materials, reports and/or documents regarding the Weatherstone Development shall be required by the Township in

conjunction with the Settlement Plans review and approval beyond that required by this Settlement Agreement with the exception of any documents necessary for posting of financial security.

78. The Weatherstone Conditional Use Decision shall not be applicable to the Bruner Settlement Plan, DNB Settlement Plan I and the DNB Settlement Plan II. The required impact fee, application fees and costs set forth in Conditions 31, 32 (except as to the SALDO unless modified by the Settlement Plans and this Settlement Agreement) and 34 of the Weatherstone Conditional Use Decision shall not be applicable to the Weatherstone Settlement Plan. Further, with respect to the Weatherstone Settlement Plan only, Condition 6 of the Conditional Use Decision is deleted and is replaced with the following language:

No single retail building shall contain more than 55,000 square feet of gross floor area; no single office building shall contain more than 60,000 square feet of gross floor area. The office/retail development shall comprise a minimum of eight separate buildings, designed substantially as depicted on the site plan approved hereto as Exhibit A to the Weatherstone Conditional Use Decision to give the appearance and ambiance of a neo-traditional village center, as described in the Community Impact Analysis submitted as Exhibit A-17 to the Weatherstone Conditional Use Decision, with the building to be substantially as depicted in the renderings submitted as Exhibit A-11 to the Weatherstone Conditional Use Decision. The Township and Hankin agree that should Hankin substantially modify the buildings as depicted in the renderings submitted as Exhibit A-11 to the Weatherstone Conditional Use Decision, Hankin will present the modified architectural design to the Board for approval based solely upon consistency with Exhibit "G" attached to the Settlement Agreement between West Vincent Associates and West Vincent Township dated December 17, 2007. If the Board does not approve same within TWENTY (20) days of submission, the modified plans may be submitted by Hankin to the Chester County Court of Common Pleas for disposition pursuant to Paragraph 89 of the Settlement Agreement between West Vincent Associates and West Vincent Township dated December 17, 2007.

AMENDED AND RESTATED LAND DEVELOPMENT ESCROW AGREEMENT

79. To the extent there is any inconsistency between this Settlement Agreement or the Settlement Plans and the Weatherstone Escrow Agreement, this Settlement Agreement and the Settlement Plans shall supersede those provisions. The Weatherstone Escrow Agreement shall not apply to any of the Settlement Plans other than the Weatherstone Settlement Plan and Hankin shall enter into a new Development Agreement for each of the other Settlement Plans prior to recording for such Settlement Plan which shall be the controlling Development Agreement for such Settlement Plan with the understanding that each phase of each Settlement Plan may be posted separately as further set forth in Paragraph 69 herein. The Development Agreement(s) for each Settlement Plan shall comply in all respects with the MPC §509 and shall be in a form attached as Exhibit "F". The Township agrees that the only improvements which are required to be financially secured pursuant to the Development Agreement for each of the Settlement Plans are: dedicated improvements, WWTP System improvements, HWTP System improvements, non-dedicated common stormwater management facilities, sewer facilities and perimeter landscaping improvements ("Secured Improvements"). The Township agrees that the financial security required by the Weatherstone Escrow Agreement for the Weatherstone development may be modified and reduced to secure only the Secured Improvements for the Weatherstone Commercial Area but not for the residential portions of the Weatherstone development.

80. Section 2 of the Weatherstone Escrow Agreement is deleted in its entirety and replaced with the following:

2. Duty to Construct Public Improvements

Developer shall construct or cause to be constructed at its own expense without any expense or cost whatsoever to Township, in strict conformity with Township's requirements and specifications, all public improvements shown on the Plans in five (5) phases (one of which may have sub-phases) for which the Developer is required to provide Letters of Credit as financial security as provided in Paragraph 3 of the Weatherstone Escrow Agreement dated January 17, 2005. The

Developer has revised the Phasing Plans Sheets 2 of 66 and 25 of 66 to modify the work within Phase I and to add Phase IA. Additionally, Phase I at the time of execution of this Amendment to Escrow Agreement has been partially completed. Consequently, the financial security to be posted at the time of execution of this Agreement is for the remainder of Phase I, as outlined in the Sheet 2 of 66 and Sheet 25 of 66 of the Plans, last revised August 27, 2004, and for Phases II and IV. The Developer is required to provide Letters of Credit as financial security, as provided in Paragraph 3 of the Weatherstone Escrow Agreement dated January 17, 2005. The Improvements shall be installed, constructed, completed, and paid for within the time period set forth in Paragraph 8 of the Weatherstone Escrow Agreement dated January 17, 2005. The time for the installation of the binder course for the roads in each Phase, the wearing course for the roads in each Phase and for installation of BMP's/final basin conversions for each Phase (the "Phase Benchmarks") is shown on Exhibit "12" attached to the Weatherstone Escrow Agreement dated January 17, 2005, and made a part hereof.

Residential Phasing. In addition, the Township may, in its sole discretion, require the Developer to achieve seventy percent (70%) site stabilization with respect to earth disturbance activities (the "Stabilization Rate") within a residential Phase, prior to permitting the Developer to commence construction of a succeeding residential Phase. The determination of whether the Developer has achieved seventy percent (70%) site stabilization shall be made by the Township Engineer, in its sole discretion. For purposes of calculating the Stabilization Rate, the following areas shall be considered stabilized: paved surfaces, concrete surfaces, lawn areas and undeveloped areas (meadow) meeting 70% uniform stabilization.

Commercial Phasing. The Township shall consider the Stabilization Rate of commercial Phase IA separately from the Stabilization Rate of any residential Phase. Phase IA shall be constructed in six (6) sub-phases ("Commercial Sub-Phase") as shown on the colorized plan entitled, "Weatherstone Settlement Plan", Sheet 2 of 17 (the "Phasing Plan"). The Developer shall be required to submit to the Township documentation demonstrating that the Stabilization Rate for all lands included in Phase IA (approximately 22.67 total acres of land) is at least seventy percent (70%) immediately prior to the Developer's request to commence construction of any Commercial Sub-Phase. This provision shall not preclude the Developer from simultaneously constructing multiple Commercial Sub-Phases. The determination of whether the Developer has achieved seventy percent (70%) site stabilization shall be made by the Township Engineer, in its sole discretion. For purposes of calculating the Stabilization Rate, the following areas shall be considered stabilized: paved surfaces, concrete surfaces, lawn areas and undeveloped areas (meadow) meeting 70% uniform stabilization."

The failure to install, construct, complete, pay for and, if applicable, offer for dedication the Improvements, within the time set forth in Paragraph 8 of the Weatherstone Escrow Agreement dated January 17, 2005, or as otherwise required by this Agreement, shall be deemed a default hereunder. Developer agrees to comply with the Best Management Practice Inspection and Maintenance Plan by

Biohabit, Inc. dated 6/06/02, incorporated herein by reference, pertaining to the bioretention facilities that are described in the Plans, provided however that upon dedication or conveyance of such facilities to the home owners association or any other body, the future maintenance procedures in the Best Management Practice Inspection and Maintenance Plan shall be assumed by the owner of such facilities and Developer shall have no further responsibility for such maintenance.

Section 18 of the Weatherstone Escrow Agreement is amended to include the following sentence.

For the purposes of Section 510(g) Developer agrees that each and every bill submitted to Developer by Township shall be considered a final bill and that if Developer fails to proceed to submit any disputed bill to arbitration as provided in the MPC within thirty days of Developer's receipt thereof, Developer will waive the right to dispute or otherwise contest the bill in question. Township agrees that in the event any disputed bill is determined in whole or in part to be in excess of what is reasonable or necessary the bill will be reduced accordingly.

**AGREEMENT TO CONSTRUCT WEATHERSTONE COMMUNITY
WASTEWATER COLLECTION, TREATMENT AND
DISPOSAL FACILITIES IN WEST VINCENT TOWNSHIP**

81. To the extent there is any inconsistency between this Settlement Agreement or the Settlement Plans and the Weatherstone Sewer Agreement this Settlement Agreement and the Settlement Plans shall supersede those provisions.

TRANSFER DEVELOPMENT RIGHTS ("TDRS") PURCHASE

82. Hankin shall remit the amount of \$1,100,000.00 for utilization by the Township to retain or otherwise purchase development rights elsewhere within the Township. Payment of said monies will be due on the Date. This payment has been deemed to be adequate consideration by the Township for the purchase of the TDRs to allow the density on the Settlement Plans that exceeds the otherwise permitted density pursuant to the ZO. In the event Hankin is unable or unwilling to develop the Bruner Settlement Plan (including as modified as permitted herein), Hankin shall be free to sell TDR's to allow up to 238 dwelling units or use TDR's for up to 238 dwelling units on

other properties as permitted under the existing ZO as of the date of this Settlement Agreement or such increased receiving area provided for under the ZO at the time of the application for such use.

OUTSTANDING CONSULTANT FEES

83. Hankin agrees to pay \$60,000 in full satisfaction of all outstanding Township consultant fees disputed by Hankin in writing up to May 15, 2007. The \$60,000 is payable upon the Date. The Township shall be entitled to keep all amounts previously paid by Hankin and the amount that the Township caused to be paid from the Letter of Credit posted by Hankin under the Weatherstone Escrow Agreement.

LITIGATION SETTLEMENT

84. This Settlement Agreement shall be submitted to the Commonwealth Court of Pennsylvania for approval in conjunction with the DNB Appeal now pending before the Court. This shall be done through application to the Commonwealth Court Mediation program as set forth in Section 501 of the Internal Operating Procedures of the Commonwealth Court, and submission of an Order in the form set forth in Exhibit "H" attached hereto. The parties recognize that the issue of the impact of this Settlement Agreement on the decision of Judge Sarcione dated December 11, 2006 is of critical importance to them. They agree that it is their intent that pending the ultimate vacation of that decision and Order as provided in 84 (E) below that the said decision and Order will be stayed and shall have no force or effect, until further order of the Court, if any. They further agree that it is their intent that only if the Chester County Court of Common Pleas determines that West Vincent Township has violated its obligations under this Settlement Agreement in a material fashion may that Court consider lifting the stay of said decision and Order. They further agree that if for any reason the Court of Common Pleas of Chester County determines that it is going to reinstate the said decision and Order, that West Vincent Township shall have the right to proceed

with the appeal now pending before the Commonwealth Court and that in the event West Vincent Township elects to do so then pending the outcome of that appeal including any appeals to the Supreme Court of Pennsylvania, the effect of that decision and Order will be stayed in accordance with the Pennsylvania Rules of Appellate Procedure. They further agree that it is their intention that the full rights of West Vincent Township to pursue the current appeal of that decision and Order shall be in effect as if the Commonwealth Court had not remanded the matter to the Chester County Court of Common Pleas. They further agree that if for any reason the Commonwealth Court does not enter its Order in the form attached as Exhibit "H", then West Vincent Township shall have the right to declare this Settlement Agreement null and void.

The parties agree to request that the PUC and the Chester County Court of Common Pleas stay any further action on the pending litigation. All of the litigation matters identified hereinbelow shall remain pending until the following occurs:

A. Within five (5) business days of the Date, all of the following litigation matters referenced in Paragraphs A(1) through (4) below will be marked settled, discontinued and ended by Hankin:

- (1) Bruner I Appeal C.C.C.C.P. Docket No. 06-05389
- (2) Bruner II Appeal C.C.C.C.P. Docket No.06-07580
- (3) Appeal of Demolition Permit (Barn) C.C.C.C.P. Docket No. 06-06410
- (4) Taxpayer Appeal of the Audit C.C.C.C.P. Docket No. 06-04007

B. Within five (5) business days of the Date, the following litigation matters referenced in Paragraphs B(1) and (2) below will be marked Settled, Discontinued and Ended with prejudice by Hankin:

(1) The Letter of Credit Action at C.C.C.C.P. Docket No. 06-07542

(2) The Dragonetti Action at C.C.C.C.P. Docket No. 06-07342

C. Within five (5) business days of the Date, Hankin shall file a Praecipe to Withdraw with prejudice its Bill of Costs in C.C.C.C.P. 05-01906.

D. Within five (5) business days of the later of the Date and final dedication of the WWTP to The township, the Township will file a petition in the PUC matter at Docket No. PUC C-20066295 to Withdraw the Complaint it filed therein and, if relevant or germane to the PUC in settlement of this matter, the Township will not contest or dispute that Hankin was at all times following and prior to dedication of the WWTP System acting as agent for the Township in the collection of fees as established by the Township. If the PUC should determine and order that refunds are required then such refunds shall be paid by Hankin. Hankin agrees that it will have the attorney representing it in the said PUC matter draft the appropriate petition, have it approved by Michael Klein, Esquire and submit it to the Township Special Counsel/Solicitor at least fifteen (15) days before the Township is required to submit the petition to the PUC.

E. Anything contained herein to the contrary notwithstanding, except as specifically provided in this Subparagraph 84(E), Hankin shall have no right to record any of the Settlement Plans until: (1) Hankin notifies the Township in writing that it is prepared to submit a joint request that Judge Sarcione's decision and Order dated December 11, 2006 be permanently vacated, at which time the parties will expeditiously thereafter submit such request to the Court; and (2) the Court of Common Pleas of Chester County has entered an Order permanently vacating Judge Sarcione's said decision and Order. The exception to the foregoing is that Hankin may record the Weatherstone Settlement Plan, may construct the improvements shown on the Weatherstone Settlement Plan and may obtain occupancy permits otherwise permitted for the retail/office and

YMCA uses shown in the Weatherstone Settlement Plan but until the condition set forth in the first sentence of this Subparagraph 84(E) is met, Hankin shall have no right to obtain occupancy permits for or allow any use of any of the Weatherstone Apartments.

85. Upon the Date, Hankin does hereby remise, release and forever discharge West Vincent Township, Kenneth Miller, Clare Quinn, Zoë Perkins, and James Wendelgass and their respective agents, employees, consultants or officials, from all claims of any nature whatsoever, up to the date of execution of this Settlement Agreement, which are based upon or arising out of the facts or circumstances in connection with or in pursuit of the litigation referenced in Paragraphs 19-28 and 84 above. Without limiting the generality hereof, this release covers claims or causes of action up to the date of execution of this Settlement Agreement, which are based upon torts (such as, for example, negligence, fraud, defamation, wrongful discharge); express and implied contracts (except this Agreement and the agreements referenced in this Agreement), claims for attorneys' fees and every other source of legal rights and obligations, which may validly be waived or released. Hankin covenants and represents that, except for the lawsuits referenced herein, it has not and will not initiate any other legal proceedings against any person or entity released herein up to the date of execution of this Settlement Agreement, on the basis of any claim within the scope of this release and if it has done so, will withdraw and/or dismiss such with prejudice; nor will it participate in or benefit from any legal proceedings commenced by others on its behalf.

86. Upon the Date, West Vincent Township, Kenneth Miller, Clare Quinn and Zoë Perkins, do hereby remise, release and forever discharge Hankin, its agents, employees, officers, directors, consultants, from all claims of any nature whatsoever up to the date of execution of this Settlement Agreement, which are based upon or arising out of the facts or circumstances in connection with or pursuit of the litigation referenced in Paragraphs 19-28 and 84 above. Without

limiting the generality hereof, this release covers claims or causes of action up to the date of execution of this Settlement Agreement, which are based upon torts (such as, for example, negligence, fraud, defamation, wrongful discharge); express and implied contracts (except this Agreement and the Agreements referenced in this Agreement), claims for attorneys' fees and every other source of legal rights and obligations that may validly be waived or released. West Vincent Township, Kenneth Miller, Clare Quinn, Zoë Perkins and James Wendelgass covenant and represent that, except for the lawsuits referenced herein, they have not and will not initiate any other legal proceedings against any person or entity released herein up to the date of execution of this Settlement Agreement, on the basis of any claim within the scope of this release and if they have done so, will withdraw and/or dismiss such with prejudice; nor will they participate in or benefit from any legal proceedings commenced by others on their behalf.

TOWNSHIP OFFICIAL PLAN

87. The Township has enacted an Official Township Plan through Ordinance No. 138-2007. The Township agrees that Ordinance Resolution No. 138-2007 will in no way be utilized or enforced to adversely impact in any manner whatsoever the Settlement Plans and/or Settlement Properties, provided that Hankin develops them in accordance with the Settlement Plans or as modified as permitted herein.

APPROVAL OF THE SETTLEMENT PLANS

88. The Board hereby agrees that each Settlement Property may be developed as depicted on its respective Settlement Plan and in accordance with the provisions of this Settlement Agreement. For purposes of this Settlement Agreement and for review of the Settlement Plans to be submitted for the development of the Settlement Properties, compliance shall be measured against this Settlement Agreement as well as those municipal ordinances, rules, regulations, standards and

fees in effect as of the date of filing of the Settlement Plans, i.e., June 1, 2007 except as same are modified by this Settlement Agreement and/or the Settlement Plans. It is agreed that Zoning Ordinance §2109 shall not be applied to the Bruner Settlement Plan, the DNB Settlement Plan I, DNB Settlement Plan II and the Weatherstone Settlement Plan. However, prior to building permit approval, Hankin shall submit the architectural plans for said building(s) the subject of the building permit application showing the architectural design for approval by the Board based solely upon consistency with Exhibit "G" hereto. If the Board does not approve same within twenty (20) days of submission, the architectural plans may be submitted by Hankin to the Chester County Court of Common Pleas for disposition pursuant to Paragraph 89.

DISPUTE RESOLUTION

89. The parties acknowledge that certain provisions of this Settlement Agreement contemplate the potential future modification of the various Settlement Plans and subsequent review of those modifications by the Township. Moreover, disputes may arise regarding the interpretation of this Agreement and the relative rights and obligations of the parties as set forth herein. In those instances where one of the parties believes the other has breached its obligations as required by this Settlement Agreement, or a dispute arises as to the interpretation or obligations set forth in the Agreement, or as otherwise required by municipal ordinances, the parties agree that either party may submit the dispute to the Chester County Court of Common Pleas for disposition. The decision of the Chester County Common Pleas Court, to the extent it deals with the Standards set forth in Exhibit "G", the HWTP Sewer Construction Agreement attached as Exhibit "C", the obligations of the parties as to third party permit applications, and the Assignability as set forth in Paragraph 99 herein, shall be final and unappealable and binding on both parties. Any decision of the Chester County Court of Common Pleas shall be based on the terms of this Agreement and the agreements

referred to herein, and, except as they are modified by this Agreement, be based on the applicable Township Ordinances, and be based on other applicable laws.

VESTING

90. For purposes of determining compliance with Section 508(4) of the MPC, it shall be conclusively determined that the date of filing of the Preliminary/Final Plan for Subdivision/Land Development Plans for the Settlement Properties was June 1, 2007. Notwithstanding the provisions of MPC §508(4)(i) and SALDO §516, no change or amendment to (a) the Township ZO and SALDO and/or (b) any other governing ordinances which, except as provided below, having the effect of adversely affecting this Settlement Agreement or the Settlement Plans or materially increasing the extent and/or cost of the site improvements or building construction proposed in the Settlement Developments shall be applicable to the Settlement Plans (and/or to any decision on any modified subdivision and/or land development application(s) that are consistent with this agreement or as permitted to be modified by this Settlement Agreement filed by Hankin or its successors) for a period of twenty (20) years from the date of the Settlement Agreement. Without limiting the effect of the immediately preceding sentence (and without limiting a challenge to the lawfulness of the following), the following shall nonetheless apply to the Settlement Plans or modified Settlement Plans as permitted by this Agreement: (a) ordinance and amendments imposed on the Township or required by other governmental agencies or regulations; (b) state/international building, fire, mechanical, plumbing and other codes regulating the construction and maintenance of structures and buildings, and all amendments to the foregoing but not Township amendments to said codes; (d) ordinances and amendments thereto of general applicability which require the payment of fees for services provided by the Township, such as application fees, review fees, building permit fees and inspection fees. The protection provided in the first sentence of this Paragraph 90 includes, but

is not limited to, any moratorium enacted by the Township which could affect, in any way, Hankin's ability to proceed under the applicable ordinances as described above, to develop the Settlement Properties in accordance with the Settlement Agreement and/or to proceed with modifications to the Settlement Plans. Zoning Ordinance §2704(H)(7) requires an applicant to commence all construction work authorized by a building permit within six (6) months of the issuance of the building permit, or obtain an extension from the Board. Hankin may request, and the Township hereby agrees to grant up to three (3) 6-month extensions upon request by Hankin, which approvals shall not be unreasonably withheld. The terms of this Paragraph 90 shall supersede only MPC §§508(4)(i).

BINDING EFFECT

91. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, successors, administrators and assigns.

ACKNOWLEDGEMENT

92. Each party certifies by its signature below that it has read the terms of this Settlement Agreement and had a full opportunity to discuss it with legal counsel of its choosing and that it fully understands its terms and effects. Each party acknowledges that it is executing this Settlement Agreement of its own volition, with a full understanding of its terms and effects and with the intention of releasing the aforementioned claims in exchange for consideration described herein, which each party acknowledges is adequate and satisfactory. The signatories to this Settlement Agreement warrant that they are duly authorized to execute and deliver this Settlement Agreement on behalf of the respective parties. This Settlement Agreement has been drafted and reviewed by counsel for the parties hereto and accordingly, any ambiguities contained herein shall not be

interpreted in favor or against either party. This Settlement Agreement and its Exhibits shall be construed and interpreted in *pari materia*.

NO ADMISSION OF LIABILITY

93. This Settlement Agreement represents a compromise of claims and does not, in any manner, whatsoever, constitute admission of liability or wrongdoing.

FULL SETTLEMENT

94. The Settlement Agreement is in settlement of all events up to the date of execution of this Settlement Agreement.

NO WAIVER

95. No waiver or failure to enforce any condition or provision of this Agreement will be deemed to be a continuing waiver of the same or any other provision of this Agreement.

IMPACT FEES

96. No further approvals associated with the Settlement Plans shall require Hankin to undertake for the Township any additional off-site traffic improvements or undertake further analysis of, including but not limited to, traffic, economic, environmental, recreation, open space or historical impact of any of the Settlement Properties, or pay impact fees or fees in lieu of further improvements (including but not limited to traffic, economic, environmental, recreation, open space or historical impact) related to the Settlement Properties except as set forth herein.

ENTIRE AGREEMENT

97. This Agreement constitutes the entire agreement among the parties hereto and supersedes all prior negotiations, understandings and agreements of any nature whatsoever with respect to the subject matter hereof. No amendment, waiver or discharge of any provision of this

Agreement shall be effective against either party unless that party shall have consented thereto in writing.

GOVERNING LAW

98. This Agreement shall be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its choice of law principles.

ASSIGNABILITY

99. This Agreement may be assigned by Hankin to any buyer, affiliated corporation, successor(s), or any purchaser of the assets of its business (collectively "Buyer"), but only with the consent of the Township, which consent shall not to be unreasonably withheld, and shall be based solely on the Buyer demonstrating that it (1) has the financial wherewithal to perform Hankin's obligations under this Agreement and its Exhibits as to the Settlement Property being acquired by the Buyer and (2) based on whether the Buyer has not materially defaulted on a subdivision and land development agreement with any other municipality within the past three (3) years from the date of such assignability request is made to the Township. Upon such assignment, any reference herein to Hankin shall be deemed to refer to the assignee. As part of any such assignment the Buyer and/or Hankin shall be required to execute such documents as are necessary in the opinion of the Township Special Counsel/Solicitor for any such assignment to be binding on both of them and for the Township to be able to enforce as to the Buyer any obligations of Hankin under this Settlement Agreement or the agreements referred to herein. Anything to the contrary herein notwithstanding, Hankin shall not be permitted to assign the rights to any particular Settlement Plan to more than one Buyer without the consent of the Township and such consent shall be subject to the unlimited discretion of the Township.

NOTICES

100. All notices or other communications required or permitted to be given under the terms of this Agreement shall be in writing and shall be sent by certified mail, postage prepaid or by private carrier guarantying next day delivery, addressed as follows:

If to Hankin, addressed as follows:

Robert Hankin
The Hankin Group
707 Eagleview Boulevard
Exton, PA 19341

With a copy to:

Denise R. Yarnoff, Esquire
Riley Riper Hollin & Colagreco
717 Constitution Drive, Suite 201
Exton, PA 19341

If to the Township, addressed as follows:

West Vincent Township
729 St. Matthews Road
Chester Springs, PA 19425

With a copy to:

James McMaster, Esquire
Smith & McMaster, P.C.
301 South State Street
Newtown, PA 18940

CONDITION PRECEDENT TO ANY WORK

101. The following conditions must be met by Hankin prior to the recording of the Settlement Plans and commencement of construction:

A. Pay the amounts owed under this Agreement except for the financial security required to be posted pursuant to the MPC for each Settlement Plan;

B. Mark as Settled, Discontinued and Ended the litigation called to be so marked by this Agreement;

C. Offered for dedication the WWTP and its associated open space to the Township as called for in this Agreement; and

D. Execute the appropriate respective Development Agreement and post the applicable financial security as called for in this Agreement for the Settlement Plan (or phase thereof), Hankin wishes to record pursuant to Paragraph 67 herein.

At the next regular public meeting that is at least five (5) days after the satisfaction of these conditions precedent (as applicable) and upon Hankin's request to the Township, the Township shall sign the Settlement Plan(s) for release and recordation.

102. Anything contained herein to the contrary notwithstanding, Hankin shall have the option to construct sewer improvements, at Hankin's cost, on the Disposal Property owned by the Township, subject to Hankin and Robert Hankin personally executing an agreement to hold the Township and its officials harmless for any and all claims that may be brought against them alleging that any such work is in any way a violation of the law commonly known the Prevailing Wage Act. The agreement shall be in the form attached hereto as Exhibit "I". In the event that Hankin determines that Township should undertake the construction of the sewer improvements on the Disposal Property owned by the Township, such work shall be undertaken by the Township and Hankin shall provide the cost for such work upon notice of the costs from Township based on the lowest responsible bid received. Township shall not be obligated to undertake such work until Hankin has made the required payment to Township. Township agrees that it will see that the work is done in accordance with the DEP approved plans and specifications.

103. Anything to the contrary contained herein notwithstanding, the parties agree that any reference in this Agreement or the Exhibits to this Agreement to Carroll Engineering Corporation shall include the engineer or engineering firm that is serving as Township Engineer

from time to time. The Board agrees that if it uses Castle Valley Consultants, Inc. as Township Engineer, it will not have that company do any work related to Hankin and instead will have another engineer or engineering company do all the work that the Township Engineer would otherwise do as it relates to Hankin and that such other engineer or engineering company will be considered the Township Engineer under this Agreement.

104. Hankin and the Board agree that they will act reasonably and in good faith and use best efforts in implementing the terms of this Agreement and will promptly and take all reasonable steps to expeditiously process, sign and forward any and all third party permit applications and applicable and/or requested documentation to the appropriate third party agencies.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

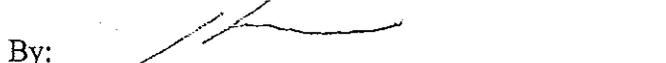
WEST VINCENT ASSOCIATES
By: West Vincent Associates, Inc.,
its sole General Partner

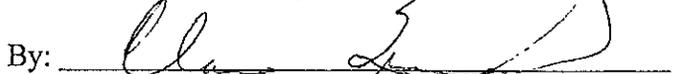
Witness
ATTEST:


[SEAL]

By: 
Robert Hankin, President

BOARD OF SUPERVISORS OF
WEST VINCENT TOWNSHIP

By: 
Kenneth Miller, Jr., Chairman

By: 
Clare Quinn

By: 
Zoë Perkins