

WATER SYSTEM CAPACITY RESERVATION AGREEMENT

THIS AGREEMENT made as of the 21st day of August, 2003, by and between MOUNT JOY TOWNSHIP AUTHORITY, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania with offices at 157 Merts Drive, Elizabethtown, Pennsylvania 17033 hereinafter referred to as the "Authority"; and ELIZABETHTOWN MOUNT JOY ASSOCIATES L.P., with a mailing address of 1000 Germantown Pike, Suite A-2, Plymouth Meeting, Pennsylvania 19362, hereinafter referred as "Developer".

BACKGROUND:

The Authority owns and operates a public water supply and distribution system (the "Water System") serving portions of the Township of Mount Joy, Lancaster County, Pennsylvania (the "Township"). The Authority has undertaken capital projects to expand the Water System in order to enable provision of public water service to persons desiring to develop land within the Township. The Authority must have assurance that tapping fees will be paid in order that it may finance the capital improvements undertaken and to be undertaken.

Developer owns land located at the southeast corner of S.R. 0230 and Cloverleaf Road within the Township. These lands are comprised of four separate parcels. Developer is the record owner of a tract of land identified as Lancaster County Tax Account No. 461-41455-00000 by virtue of a deed from Robert A. Sichelstiel, straw party, to Developer dated January 15, 2003, and recorded March 10, 2003, to Document No. 5160060 in the Office of the Recorder of Deeds. Developer is additionally the record owner of land identified as Lancaster County Tax Account No. 461-95417-00000 by virtue of a deed from Pennmark Management Company, Inc., straw party, to Developer dated January 15, 2003, and recorded March 10, 2003, to Document No. 5160061 in the Office of the Recorder of Deeds in and for Lancaster County, Pennsylvania. Developer is the successor party to Elizabethtown Associates, a Pennsylvania general partnership, as set forth in a Certificate of Limited Partnership filed with the Pennsylvania Department of State on November 8, 2002, as entity No. 3105210 and Microfilm No. 2002094-1696. Elizabethtown Associates, now Developer, is the record owner of land identified as Lancaster County Tax Account No. 461-00486-00000 by virtue of a deed recorded to Deed Book U, Volume 71, Page 021, in the Office of the Recorder of Deeds.

Elizabethtown Associates, now Developer, is the record owner of lands identified as Lancaster County Tax Account No. 461-82176-00000 by virtue of a deed recorded in Deed Book U, Volume 71, Page 021, in the Office of the Recorder of Deeds in and for Lancaster County, Pennsylvania. Hereinafter the lands identified as Lancaster County Tax Account Nos. 461-41455-00000, 461-95417-00000, 461-00486-00000, and 461-82176-00000 shall be collectively referred to as the "Property".

Elizabethtown Associates entered into an Agreement with the Authority dated July 20, 2001, pursuant to which the Authority reserved six EDUs of capacity in the Water System for the land identified as Lancaster County Tax Account No. 461-82176-00000. Elizabethtown Associates has prepaid the tapping fees for the six EDUs reserved pursuant to the Capacity Reservation Agreement dated July 20, 2001.

Developer desires to develop the Property for one or more commercial lots and/or enterprises (collectively the "Development") which will require public water service. Developer estimates that all development of the Property will require a total of 57 EDUs. In order to reserve capacity in the Water System and in order to insure that the Authority will receive tapping fees to defray the costs which the Authority will be required to pay for such capacity, Developer agrees that it shall purchase connection permits and pay tapping fees in accordance with the understandings set forth in this Agreement. Developer also agrees that the water distribution facilities constructed to serve its respective development (the "Development Water Extension") shall be installed in accordance with and governed by this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter set forth, and with the foregoing background incorporated herein, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. The foregoing background recitals are incorporated into and made a substantive part of this Agreement.

2. The Authority hereby recognizes the transfer of the 6 EDUs of water capacity reserved in the Agreement dated July 20, 2001, between the Authority and Elizabethtown Associates to Developer and to the Property as a single unit. The Authority recognizes that the tapping fees for these six EDUs have been prepaid. Developer shall be entitled to obtain a connection permit for the six EDUs for which the Developer has prepaid the tapping fee at the time a structure is ready to be connected to the Water System. If the Authority increases the amount of the tapping fee before Developer obtains a connection permit for the six EDUs for which the Developer has prepaid the

tapping fee, Developer shall not be required to pay the difference between the amount of the prepaid tapping fee and the amount of the tapping fee in effect at the time the Developer applies for the connection permit. If the Authority revises its tapping fee resolution to reduce the tapping fee or if Developer is unable to complete construction for which the tapping fees were paid, Developer will not be entitled to a refund of any portion of the tapping fees prepaid. Developer shall pay any applicable connection, customer facilities or inspection fee in effect at the time Developer obtains a connection permit.

3. Developer shall pay to the Authority tapping fees for 51 EDUs. Developer shall pay the tapping fees for the 51 EDUs in accordance with the schedule of payments included in Exhibit "A" and incorporated herein. Developer shall commence payment of tapping fees on the date Developer obtains a connection permit to connect a nonresidential structure to the Water System or on the date established in Exhibit "A", whichever occurs first. Developer shall pay tapping fees as non-residential structures are connected to the Water System or in annual payments reflecting the tapping fees required to meet the minimum annual payment set forth in Exhibit "A", whichever method results in the greater yearly payment of tapping fees.

4. Developer acknowledges that Developer has not identified the precise uses which will be established within the Development. Developer further acknowledges that the number of EDUs required for each use within the Development will be determined when such use is identified. The Authority shall determine the number of EDUs attributable to each such use in accordance with the Authority's resolutions, rules, regulations, standard procedures, and accepting engineering practices. As each use within the Development is connected to the Water System, the number of EDUs attributable to such use shall be subtracted from the number of reserved EDUs remaining. Developer specifically acknowledges that, depending upon the precise mix of uses in the Development, Developer may require more than 57 EDUs of capacity in the Water System, and Developer acknowledges that the Authority does not reserve or guarantee that capacity in excess of 57 EDUs will be available to Developer. Notwithstanding the foregoing, Developer shall be required to and agrees to pay tapping fees in accordance with Paragraph 3 of this Agreement.

5. At the time of signing this Agreement, Developer shall post financial security in the amount of \$153,000 to secure payment of the tapping fees for 51 EDUs (the "Tapping Fee Financial Security"). Tapping Fee Financial Security shall be in a form acceptable to the Authority Solicitor to secure payment of the tapping fees in accordance with the schedule attached as Exhibit "A".

6. Developer agrees to secure permits from the Authority and to pay the full appropriate

tapping, connection and customer facilities fees as established by the Authority from time to time prior to obtaining connection permits to authorize connecting dwelling or nonresidential structures to the Water System. The amount of the tapping, connection and customer facilities fees shall be the amount of the tapping, connection and customer facilities fees as established by resolution of the Authority on the date that the Developer or his assign pays the tapping, connection and customer facilities fee for that EDU. Developer acknowledges that Developer shall pay both the capacity and collection components of the Authority's tapping fee without any offset, deduction, credit or refund.

7. Because Developer has posted Tapping Fee Financial Security in lieu of prepaying tapping fees, Developer shall pay the full amount of the tapping fee in effect on the date Developer applies for a connection permit for each EDU other than the six EDUs addressed in Paragraph 2 of this Agreement. Developer shall also pay any applicable connection, customer facilities or inspection fee in effect at the time Developer obtains a connection permit. If Developer makes payment of tapping fees in accordance with the schedule for Developer set forth in Exhibit "A", Developer may request that the Authority reduce the amount of the Tapping Fee Financial Security by the amount of the tapping fees so paid. The Authority shall authorize the reduction in the amount of the Tapping Fee Financial Security if Developer so requests in writing unless the Authority has increased the amount of the tapping fee after the date Developer posted the Tapping Fee Financial Security. The Authority shall not reduce Developer's Tapping Fee Financial Security until the amount of EDUs remaining multiplied by the tapping fee then in effect is less than the amount of the Tapping Fee Financial Security. The Authority shall at all times retain Tapping Fee Financial Security in an amount not less than the number of EDUs reserved times the tapping fee in effect on the date Developer requests reduction of the Tapping Fee Financial Security.

8. If Developer fails to make payments of tapping fees pursuant to the schedule set forth in Exhibit "A", the Authority may draw upon the Tapping Fee Financial Security posted by Developer in the amount of the tapping fees overdue without prior notice to Developer.

9. If the Authority is notified by the financial institution which has provided a letter of credit to serve as Tapping Fee Financial Security that such financial institution will not renew the letter of credit, the Authority shall have the right to withdraw all remaining Tapping Fee Financial Security unless Developer posts alternate Tapping Fee Financial Security, in a form acceptable to the Authority Solicitor, prior to the expiration of the letter of credit.

10. This Agreement shall constitute a reservation of capacity in the Water System for Developer to the extent that the Authority shall have the right to continue to connect new users to the

Water System. If the Department of Environmental Protection ("DEP") or the owner or operator of any public water supply facility or distribution facility imposes a moratorium upon new connections or imposes any type of permit allocations or limitations, Developer shall have the right to extend the schedule for connections to the Water System approved by the Authority and included in the reservation agreement by the length of time such moratorium or limitation is in effect, and Developer shall not have to pay increases in the tapping fee (if the Authority increases the tapping fee) for the number of EDUs which should have been connected during such moratorium or permit limitation. Developer shall not be entitled to the refund of any tapping fees, the reduction of any financial security, or any other relief. Developer expressly acknowledges that Developer shall have no claim against or right to recover damages from the Authority if the Authority is unable to provide water service due to a moratorium, permit allocation, or permit limitation, for the amount of EDUs for which Developer has reserved capacity.

11. Developer shall have the right to transfer all or a portion of the capacity reserved under this Agreement, including but not limited to the transfer of EDUs for which tapping fees have been prepaid, to any other person. The person purchasing the reserved capacity shall enter into an agreement with the Authority and shall agree to be bound by all provisions of this reservation agreement and all applicable Authority Resolutions.

12. The person purchasing the reserved capacity shall enter into an agreement with the Authority under which such person shall agree to pay tapping fees in accordance with the schedule attached hereto as Exhibit "A" or in accordance with a schedule which will require payment of tapping fees earlier in time than the schedule attached hereto as Exhibit "A". The person purchasing the reserved capacity shall post financial security to secure payment of the tapping fees for the transferred reserved capacity, in a form acceptable to the Authority Solicitor, before the Authority shall release Developer's Tapping Fee Financial Security.

13. The Authority and Developer acknowledge that in accordance with the Authority's current resolutions and regulations, an EDU for Water System purposes is considered 270 gallons per day of water consumption. Developer by this Agreement desires to reserve a total of 15,390 gallons per day of water. Should the Authority change its definition of EDU, this Agreement shall be interpreted to provide that Developer shall reserve the number of EDUs which represents 15,390 gallons per day of water consumption and to require that Developer shall pay tapping fees for that number of EDUs. To the extent necessary, the parties will negotiate an amendment to Exhibit "A" in good faith to reflect any change in the number of EDUs reserved.

14. Developer has informed the Authority that Developer may request additional capacity within the Water System for the Property. Should Developer make such a request to the Authority, the Authority will make capacity available on the same basis as offered to other landowners and developers, and the reservation of such capacity shall be subject to the Authority's then-current rules, regulations, standards and procedures and, if necessary, an additional reservation agreement. Developer expressly acknowledges that the Authority shall not have any obligation to make any capital expenditures to create additional capacity to serve the Property. If additional capital improvements are required to be made to the Water System to serve the Property, the Developer acknowledges that it is the Developer's responsibility to bear costs of such capital expenditures. Notwithstanding the foregoing, Developer shall have the right to negotiate with other landowners for a pro rata sharing of costs of capital expenditures to expand the capacity of the Water System which may benefit more than the Property.

15. Developer shall install the Development Water Extension with its own forces; provided, however, the work shall not be undertaken intermittently, but shall be rapidly prosecuted to completion.

16. Developer or its contractors shall obtain and maintain in force liability insurance at all times during the installation of the Development Water Extension. The minimum limits and coverages of such insurance shall be approved by the Authority's engineer, and any policy or policies of insurance shall name the Authority, its agents, servants and employees, as additional insureds. Developer shall indemnify and hold the Authority and its agents, servants, employees and officials harmless from any and all liability, claims or expenses arising from damages relating to the construction of the Development Water Extension.

17. All construction of water facilities by Developer shall be completed in strict conformity to the Authority's policies, rules, regulations, standards and specifications in effect at the later of: (i) the time Developer receives preliminary plan approval for its respective developments, or (ii) the date of this Agreement. Provided, however, in the event that an approved preliminary plan of Developer should expire, all construction of water facilities by Developer shall be completed in strict conformity to the Authority's policies, rules, regulations, standards and specifications in effect at the time any subsequently filed preliminary plan is approved. A copy of the Authority's current policies, rules, regulations, standards and specifications are on file in the office of the Authority located at 157 Merts Drive, Elizabethtown, Pennsylvania and are incorporated herein by reference thereto.

18. Developer agrees to furnish to the Authority its complete and accurate development

plans and right-of-way surveys to show the following items: (a) location of buildings, roads, streets and other land use facilities; (b) location of existing utilities; (c) proposed easements and rights-of-way other than for street and road use; (d) land to be dedicated to the Authority; and (e) such other details of the project as may influence the design and/or construction of the Development Water Extension.

19. Upon the completion of the installation of the Development Water Extension, the Authority's engineer will, at Developer's expense, finalize all contract drawings to record the Development Water Extension as actually constructed (unless Developer's engineers agree to prepare such "as constructed" drawings within the time frame the Authority requires), make a final inspection, prepare the necessary closing documents, and, if the work is satisfactory, recommend that the Authority accept the Development Water Extension to serve the completed Development.

20. Developer shall dedicate the Development Water Extension to serve the Development to the Authority without payment of any consideration therefor, and the Authority agrees to accept the Development Water Extension upon completion, provided:

a. The location, plans and specifications for the Development Water Extension have been approved or prepared by the Authority Engineer prior to the start of construction;

b. Approval of grades and locations has been obtained from all appropriate governmental bodies;

c. The Development Water Extension has been constructed in accordance with the aforesaid plans and specifications which were approved by the Authority Engineer prior to the beginning of construction thereof;

d. Inspection by the Authority Engineer or employees is permitted during the entire course of construction, during which Developer shall comply with reasonable requirements of said Engineer or employees as to advance notice of time when the inspections are to be made;

e. The Development Water Extension is in use at the time the facilities are accepted by the Authority;

f. Developer has obtained or negotiated for all rights-of-way and easements for the Development Water Extension and has transferred or have arranged for direct transfer from third parties of such rights-of-way and easements to the Authority in a form acceptable to the Authority; and

g. Developer has complied with all the terms of this Agreement.

Developer agrees that the offer to dedicate the Development Water Extension shall be enforceable by the Authority in an action in equity. Developer shall be responsible for all court costs and reasonable legal fees incurred by the Authority in the event it becomes necessary to seek such specific performance, unless such refusal to dedicate results from a breach by the Authority of its duties and obligations under this Agreement. Developer shall not be permitted to use and/or connect to the Water System if Developer is in violation of this Agreement.

21. In the event Developer or its successors or assigns should file a voluntary petition in bankruptcy or be adjudicated a bankrupt or insolvent or should file any petition or answer seeking any reorganization, arrangement, recapitalization, readjustment, liquidation or dissolution or similar relief under any present or future bankruptcy law, or should seek or consent to appointment of any trustee, receiver, liquidator of all or any part of its property, or should make any assignment for the benefit of creditors, the parties hereby agree that the easements and Development Water Extension shall automatically and irrevocably be deemed dedicated by Developer to the Authority and the Authority shall be deemed to have accepted said easements and Development Water Extension as part of the Water System. In such event it is agreed that the Authority was the beneficial owner of such assets from the date they were acquired or constructed by Developer and that the Developer had no financial interest in such assets.

22. Prior to the commencement of any construction or the recording of any plans relating to the Development, Developer shall furnish Authority with an improvement guarantee in the form and the amount required by the Pennsylvania Municipalities Planning Code. Such improvement guarantee must be approved by the Authority's Solicitor and Engineer. Developer's improvement guarantee shall not be released until the Development Water Extension and related land rights, including easements, have been properly dedicated to the Authority and until all "as constructed" drawings have been furnished to the Authority.

23. Developer shall guarantee the correction of all defective work and material discovered during a period of eighteen (18) months from the date of acceptance of the Development Water Extension. All portions of a Development Water Extension shall be tested by Developer under the supervision of the Authority's Engineer or employees eighteen (18) months following acceptance, and Developer shall correct any defective work and material discovered during such inspection at its sole expense. Authority may, at its option, require Developer to post financial security to secure the structural integrity and the functioning of the Development Water Extension in accordance with the approved design and specifications and the Authority's rules and regulations during said eighteen

(18) month period as a condition to acceptance of the Development Water Extension.

24. Prior to and as a condition precedent to Authority's final acceptance of a Development Water Extension, Developer shall transfer to the Authority full and absolute title, free and clear of all liens and encumbrances, to the Development Water Extension as required to be constructed in the construction plans and specifications, and title to all easements and rights-of-way through, in or on private property for ingress to, egress from, and maintenance and replacement of the Development Water Extension, all of which shall be subject to the approval of the Authority's Solicitor.

25. In further consideration of the Authority's undertakings herein, subject to the Authority's performance of its obligations under this Agreement, Developer hereby offers to dedicate to the Authority, free of all liens and encumbrances, all necessary rights-of-way and easements (as reasonably determined by the Authority's engineer), which shall include rights-of-way within all streets whether or not such streets are or will be offered for dedication for the reconstruction, enlargement, repair, inspection, maintenance, removal, relocation and extension of the Development Water Extension on, upon, under and through Developer's land.

Developer shall furnish Authority with legal descriptions for said rights-of-way, if such descriptions are requested by the Authority, together with evidence satisfactory to the Authority's solicitor (either a policy of title insurance or an attorney's certificate of title) that title to the said rights-of-way is good and marketable and free of all liens and encumbrances.

26. It is understood by the parties hereto that title to the aforementioned easements and Development Water Extension shall be and remain in the Developer until such time as the Authority accepts dedication of the Development Water Extension and that the Developer may not connect to the Authority's Water System until permission to do so has been obtained from an authorized representative of the Authority.

27. Developer agrees that upon Authority's acceptance of the Development Water Extension, title to said mains, together with all accessories and appurtenances thereto, shall be and remain at all times in the Authority, its successors and assigns.

28. Developer acknowledges that this Agreement does not constitute approval of any of the proposed Development or a guarantee that such approvals will be forthcoming from the Authority, Mount Joy Township, Mount Joy Township Planning Commission or any other governmental entity. All proposed developments within the Township are required to comply with the provisions of the Mount Joy Township Zoning Ordinance and the Mount Joy Township Subdivision and Land Development Ordinance, and Developer is solely responsible for obtaining any permits or approvals

required under those ordinances. Developer is also required to comply with all other applicable ordinances of the Township and state and federal laws and regulations which may be applicable to the proposed development, and this Agreement shall in no way relieve Developer from such responsibilities and shall in no way constitute any guarantee that such approval shall be forthcoming.

29. Developer hereby acknowledges that the Authority is authorized to allow or make connections to the Development Water Extension at any time.

30. Developer agrees to give the Authority five (5) days' written notice of Developer's intention to begin construction of the Development Water Extension so that the construction may be properly inspected by the Authority. Any work which has begun without the consent of the Authority will not be approved. In addition, any improperly constructed work will not be accepted. Inspection by the Authority is solely for the purpose of determining that the Development Water Extension is constructed in accordance with the Authority's specifications. Methods of construction and conformance with all applicable local, state and federal laws and regulations are the responsibility of the Developer. At all times the contractor installing the Development Water Extension shall keep on the construction site, available to the Authority one (1) copy of the approved plans and specifications, any shop drawings approved by the Authority and the Authority's current standard construction and material specifications for Water System.

31. Developer shall hire, employ, and pay its own contractor(s) to construct the Development Water Extension according to the approved plans and specifications, and the Authority, its servants, agents, employees and/or officials shall have no responsibility or liability for payment of any part of the cost or expenses arising out of or relating to said construction or the labor, materials and equipment used therein or thereon or the acquisition of any rights-of-way. The Authority, its servants, agents, employees and officials, including its engineer, shall have no responsibility or liability whatsoever for any injury or damage to any persons or property occurring upon or associated with the construction of the Development Water Extension. Developer shall be responsible for any and all safety measures or procedures required by statute, regulation, resolution or good construction practice, and the Authority, its servants, agents, employees and/or officials, including its engineer, shall have no responsibility therefor.

Developer agrees to indemnify and hold harmless the Authority, its engineer, servants, agents, employees and/or officials from any claim for any injury or damage of any nature or kind whatsoever, including costs of investigation and defense and including but not limited to reasonable attorneys' fees, brought by any third party, including Developer's employees or Developer's contrac-

tors and their employees, arising from a breach by Developer, or by Developer's contractors, agents, servants and/or employees, of this Agreement, a breach of the rules and regulations of the DEP, the standards of the Pennsylvania Department of Labor and Industry or the Federal Occupational Safety and Health Administration, or from Developers' breach of any other statute, regulation, resolution, ordinance or accepted construction practice, or from the negligence, recklessness or intentional acts of the Developer, and Developer's agents, servants, contractors and/or employees, whether relating to the design or installation of the Development Water Extension.

32. This Agreement shall not grant to Developer any legal title or equitable interest in any specific physical property of the Authority, nor shall it create any relationship between the parties other than that of owner/customer of the Water System.

33. Developer waives any claim or cause of action that the provisions of this Agreement are in violation of or contrary to the Municipality Authorities Act, 53 Pa. C.S. §5601 et seq. and release the Authority from any payments or reimbursements to Developer.

34. The provisions of Resolution No. 12-99 of the Authority are incorporated herein by reference, and Developer specifically agrees to be bound by each and every provision of Resolution No. 12-99.

35. This Agreement shall not be modified except by the mutual written consent of the parties hereto.

36. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto. Notwithstanding the foregoing, any Developer who transfers all or a portion of the capacity reserved in the Water System shall remain personally liable for all sums to be paid to the Authority under this Agreement prior to the date of the transfer. The Authority shall have no obligation to release any financial security posted by Developer to secure its obligations under this Agreement upon a transfer of all or a portion of the reserved capacity until the successor or assign of Developer posts financial security in an amount sufficient to satisfy all of the outstanding obligations of Developer, which financial security shall be in a form acceptable to the Authority Solicitor and until such successor or assign of the Developer agrees in writing to comply with all of the terms and conditions of this Agreement.

37. For the purpose of this Agreement, the masculine gender shall be deemed to include the feminine and the neuter, and vice versa. Unless the context otherwise requires, the use of the singular and plural shall be interchangeable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

MOUNT JOY TOWNSHIP AUTHORITY

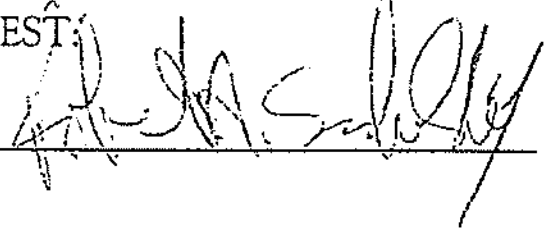
Attest: _____
(Assistant) Secretary

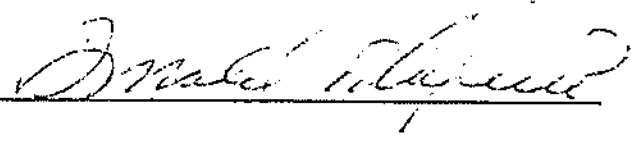
By: _____
(Vice) Chairman

[AUTHORITY SEAL]

ELIZABETHTOWN MOUNT JOY ASSOCIATES, L.P.

By: Elizabethtown General, LLC, its general Partner

ATTEST:
By: 

By: 

[SEAL]

EXHIBIT A TO WATER SYSTEM CAPACITY RESERVATION AGREEMENT

DUE DATE	EDUs PAID FOR	AMOUNT DUE
December 31, 2003	0	\$ 0
December 31, 2004	3	9,000
December 31, 2005	5	15,000
December 31, 2006	10	30,000
December 31, 2007	16	48,000
December 31, 2008	<u>17</u>	<u>51,000</u>
Total:	51	153,000

EXHIBIT A



MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY

IRREVOCABLE LETTER OF CREDIT

Water Tapping Fee Financial Security

NO. 8409

Date: August 8, 2003

Expiration Date: August 8, 2004

Beneficiary:

Mount Joy Township Authority
157 Merts Drive
Elizabethtown, PA 17022

Dear Members of the Authority:

We hereby issue our Irrevocable Letter of Credit in favor of Mount Joy Township Authority (the "Authority") for any sum or sums not exceeding \$153,000.00 for the account of Elizabethtown Mount Joy Associates, L. P. (hereinafter called "Developer"). This Letter of Credit pertains to the payment of tapping fees to the Authority in accordance with an agreement relating to the reservation of capacity in the Authority's public water supply and distribution system between the Authority and the Developer.

Intending to be legally bound, we hereby agree that demands, in an aggregate amount not exceeding \$153,000.00 and in any calendar year not exceeding \$153,000.00 accompanied by a document in the form attached hereto and marked Exhibit X (executed by the Chairman or Vice Chairman of the Authority), shall be duly honored if presented to us, at our office at Mercantile-Safe Deposit & Trust Company, Two Hopkins Plaza, Baltimore, Maryland 21201, Attn: International Department, before August 8, 2004 (such date hereinafter referred to as the "expiration date").

The expiration date of this Letter of Credit shall be automatically extended for additional one (1) year periods beginning with the expiration date and upon each anniversary of such date, unless at least thirty (30) days prior to such expiration date or each anniversary of such date we notify the Authority in writing, by certified mail, addressed to the Authority at 157 Merts Drive, Elizabethtown, Pennsylvania 17022, that we elect not to renew this Letter of Credit.

Payment of this Letter of Credit shall be made without determination of conditions or facts pertaining to related contractual agreements between the Developer and the Authority.



MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY

Letter of Credit No. 8409

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Except as otherwise provided herein, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, and the Uniform Commercial Code.

Intending to be legally bound hereby, this Letter of Credit has been executed by a duly authorized officer of the undersigned Bank.

MERCANTILE-SAFE DEPOSIT & TRUST COMPANY

By: _____
Barbara R. Wallace, Vice President

By: _____
Patrick G. Tehan, Senior Vice President



MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY

EXHIBIT X

To: Mercantile-Safe Deposit & Trust Company

We hereby demand payment to Mount Joy Township Authority of the sum of \$(_____), and certify that this demand is made because of the failure of Elizabethtown Mount Joy Associates, L. P. to pay tapping fees in accordance with an agreed-upon schedule and/or receipt by the Authority of notice that this Letter of Credit will not be renewed and Developer has not paid all tapping fees or posted substitute financial security in accordance with related contractual agreements between the Authority and Elizabethtown Mount Joy Associates, L. P.

MOUNT JOY TOWNSHIP AUTHORITY

By: _____
(Vice) Chairman