

LETTER OF CREDIT AGREEMENT

FOR LAND DEVELOPMENT

THIS AGREEMENT made this 25th day of January, 2019, between SBLP UPPER DUBLIN, LLC, a limited liability company organized pursuant to the laws of the State of Delaware located at c/o South Bay Partners, Inc., 4514 Cole Avenue, Suite 1500, Dallas, TX 75205 (hereinafter referred to as the "Owner"), party of the first part, and TOWNSHIP OF UPPER DUBLIN, a Township of the First Class in the County of Montgomery, Commonwealth of Pennsylvania (hereinafter referred to as the "Township"), party of the second part.

WHEREAS, on March 13, 2018, the Township approved under the provisions of the Chapter 212, Subdivision and Land Development Code of the Township of Upper Dublin, a Development Plan identified as "Preliminary/Final Land Development Plan for Lindenwold Residential Associates, LLC, The Mattison Estates, 701 S. Bethlehem Pike, Upper Dublin Township, Montgomery County, PA," submitted by Lindenwold Residential Associates, LLC and prepared by Bohler Engineering PA, LLC, Inc. ("Bohler Engineering"), dated April 28, 2016, last revised December 27, 2018, sheet nos. 1 through 88) (the "Plans"); and

WHEREAS, LRA also received subdivision approval from the Board of Commissioners of the Township on March 13, 2018 for a set of plans prepared by Bohler Engineering Inc. dated January 9, 2018 with latest revision date April 24, 2018 (hereinafter referred to as "Subdivision Plans" and together with the Site Plans, collectively, the "Plans"). The Subdivision Plans divide the Site into five (5) parcels: Parcel 1 – a 34.891 acre parcel to be conveyed to Developer for development of the 32 twin homes and 72 townhouse units (the "Residential Parcel"); Parcel 2 – a 7.910 acre parcel to be conveyed to SB for development of the 250 independent senior living apartments with structured parking and amenities (the "Senior Parcel"); Parcel 3 – a 1.131 acre

parcel consisting of the historic castle known as Mattison Estate (the "Castle Parcel"); Parcel 4 – a 0.217 acre parcel consisting of the historic Bethlehem Pike Gatehouse (the "Gatehouse 1 Parcel"); and Parcel 5 – a 0.473 acre parcel consisting of the historic Cedar Road Gatehouse (the "Gatehouse 2 Parcel"); and

WHEREAS, Owner has purchased from LRA the Senior Parcel; and

WHEREAS, the Owner and the Township entered into that certain Senior Parcel Development Agreement of even date herewith (the "Development Agreement") providing that the Township shall be assured that various improvements (the "Improvements") be installed and various charges paid as more specifically listed in a Construction Cost Estimate prepared by Bohler Engineering and approved by the Township Engineer, said construction cost estimate being attached hereto as Exhibit A (the "Construction Cost Estimate") and made a part hereof; and

WHEREAS, the Township, as a condition of entering into a Development Agreement with Owner, has required that the Improvements be installed and the charges paid by the Owner by means of a proper completion guaranty in a form satisfactory to the Township and in an amount sufficient to cover the cost of the Improvements; and

WHEREAS, the Owner has offered to provide the Township with an Irrevocable Standby Letter of Credit issued by CIBC Bank USA (the "Bank"), in the face amount of Nine Hundred Seven Thousand Nine Hundred Sixty Seven Dollars and No Cents (\$907,967.00), as itemized in the Construction Cost Estimate (the "Letter of Credit"), thereby meeting the requirements of the previous recital; and

WHEREAS, the proceeds of the Letter of Credit are to be used and applied by the Township, as provided below, in the event of default by the Owner under the Development

Agreement or this Agreement and shall not otherwise be released by the **Bank** until the Improvements are completed as certified by the Township Engineer; and

WHEREAS, the offer of Owner is satisfactory to the Township, provided the parties hereto shall agree as hereinafter set forth:

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

1. The Whereas Clauses are incorporated by reference as if set forth in full.
2. The Owner agrees contemporaneously with the execution hereof to deposit with the Township the Letter of Credit. Owner agrees to maintain the Letter of Credit in force and effect, paying any premiums due thereon, until such time as the Improvements are completed and accepted by the Township Engineer, and said charges paid, all as set forth in more detail in the Development Agreement. At that time, the Letter of Credit may be released or terminated.
3. The Improvements shall be completed on or before two (2) years from the issuance of a grading permit for the Improvements, unless extended at the sole discretion of the Township.
4. If Owner is in breach or default of its obligations under this Agreement or the Development Agreement, the Township may send a notice delivered in the manner provided in Paragraph 6 below (each, a "Notice") to Owner declaring an Owner default ("Owner Default Notice"), and the Township shall have the right to complete the Improvements and draw down on the Letter of Credit in connection therewith. The Township shall have the right (but not the obligation) to undertake to complete all or any part of the Improvements in accordance with this Agreement, the Development Agreement and the Plans. The Township shall have twenty (20) days from the date the Township sends an Owner Default Notice to notify the Owner whether the

Township will undertake the completion of all or a part of the Improvements in accordance with the Plans. If the Township elects to complete all or a part of the Improvements in accordance with this Agreement and the Development Agreement, the procedure set forth in the Development Agreement for construction or installation and completion of the Improvements and the inspection thereof by the Township Engineer shall apply. After delivery by the Township of the Notice referred to in this Section 4, the Bank shall deliver the balance of the Letter of Credit (“LOC Proceeds”) to the Township to hold in escrow and release in accordance with this Agreement (“LOC Escrow”). In connection therewith, the Township shall use the LOC Proceeds to pay contractors who are retained by the Township to complete all or a part of the Improvements, to pay for all costs of completing those Improvements undertaken by the Township and/or to satisfy other obligations of Owner under this Agreement. If the Township elects to undertake the completion of all or a part of the Improvements, it shall proceed to complete the Improvements in accordance with the Plans.

5. Notwithstanding anything to the contrary contained herein, the completion of Improvements by the Township shall be within the sole discretion of the Township.

6. Any Notice, required, permitted or desired to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given or served for all purposes if it is delivered (i) personally, or (ii) by overnight courier prepaid by the sender, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid to the parties at the addresses shown below or at such other address as the respective parties may from time to time designate by like Notice. Each such Notice shall be effective upon being so delivered. Rejection or refusal to accept delivery or an inability to deliver because of change of address of which no Notice was given shall all be deemed to be receipt of the Notice sent and the date of the

rejection, refusal or inability to deliver shall be deemed to be the date Notice was given. Such addresses shall be as follows:

If to Township: Upper Dublin Township
800 Loch Alsh Avenue
Fort Washington, PA 19034
Attention: Paul Leonard, Township Manager
Email: pleonard@upperdublin.net

With copy to:
High Swartz LLP
40 E. Airy Street
Norristown, PA 19404
Attention: Gilbert P. High, Jr., Esq.
Solicitor, Upper Dublin Township

If to Owner: SBLP Upper Dublin, LLC
c/o South Bay Partners, Inc.
4514 Cole Avenue, Suite 1500
Dallas, TX 75205
Attention: Joel Sherman
Email: jsherman@southbayltd.com

With copy to:
Arent Fox LLP
1717 K Street NW
Washington, DC 20006
Attention: Kenneth S. Jacob, Esq.
Email: kenneth.jacob@arentfox.com

With copy to:
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street, Suite 3400
Philadelphia, Pennsylvania 19102
Attention: Matthew J. McHugh, Esq.
Email: matthew.mchugh@obermayer.com

7. This Agreement shall bind the parties hereto, and their heirs, executors, administrators, successors and assigns.

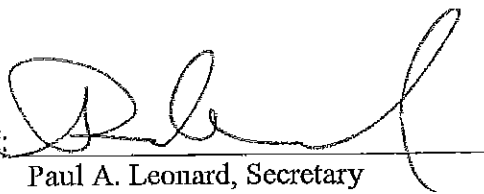
[Signature page follows]


IN WITNESS WHEREOF, the parties hereto have executed this Letter of Credit Agreement effective as of the date first above written.

SBLP UPPER DUBLIN, LLC

By: _____
Joel P. Sherman
Vice President


TOWNSHIP OF UPPER DUBLIN

Attest: 
Paul A. Leonard, Secretary

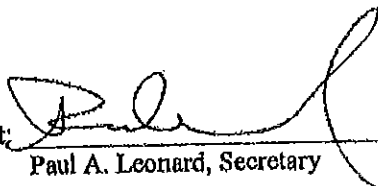
By: 
Ira S. Tackel, President

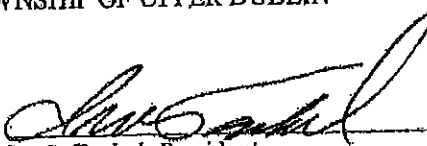
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SBLP UPPER DUBLIN, LLC

By: 
Joel P. Sherman
Vice President

TOWNSHIP OF UPPER DUBLIN

Attest: 
Paul A. Leonard, Secretary

By: 
Ira S. Tackel, President

UPPER DUBLIN TOWNSHIP

DEVELOPMENT: MATTISON
 ESCROW AGENT: UPPER DUBLIN
 TOWNSHIP: SENIOR ONLY - South Bay
 OWNER/DEVELOPER:

TOTAL ESCROW AMOUNT: \$907,967.00
 PERIOD: SET-UP
 ESCROW RELEASE NO:
 PROJECT # UD 15.011
 AMOUNT THIS RELEASE: \$0.00

ITEM NO.	DESCRIPTION	ORIGINAL AMOUNT			AMOUNT THIS REQUEST		COMPLETED TO DATE		REMAINING TO DATE	
		QUANTITY	UNIT PRICE	TOTAL	TOTAL UNIT	TOTAL \$	TOTAL UNIT	TOTAL \$	TOTAL UNIT	TOTAL \$
1	E&S CONTROLS	1	\$15,000.00	\$15,000.00	0%	\$0.00	0%	\$0.00	100%	\$15,000.00
2	EARTHWORK	1	\$37,289.00	\$37,289.00	0%	\$0.00	0%	\$0.00	100%	\$37,289.00
3	<RESERVED>	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
4	ASBESTOS REMOVAL	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
5	BUILDING DEMO	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
6	UNDERGROUND BASIN	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
7	WATER SYSTEM - Stone Only	1	\$1,284.00	\$1,284.00	0%	\$0.00	0%	\$0.00	100%	\$1,284.00
8	SANITARY SYSTEM - Stone Only	1	\$727.00	\$727.00	0%	\$0.00	0%	\$0.00	100%	\$727.00
9	SIDEWALK	1	\$36,233.00	\$36,233.00	0%	\$0.00	0%	\$0.00	100%	\$36,233.00
10	CURBING	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
11	RETAINING WALLS	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
12	ROADWORK/PAVING	1	\$491,413.00	\$491,413.00	0%	\$0.00	0%	\$0.00	100%	\$491,413.00
13	OFF-SITE IMPROVEMENTS	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
14	DAM/STREAM	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
15	FENCE AT LAKE	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
16	BLASTING	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
17	LIGHTING	1	\$78,721.00	\$78,721.00	0%	\$0.00	0%	\$0.00	100%	\$78,721.00
18	LANDSCAPING	1	\$147,300.00	\$147,300.00	0%	\$0.00	0%	\$0.00	100%	\$147,300.00
19	HISTORIC	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
20	WALKING PATH	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
21	AS-BUILT PLANS	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
22	ENTRANCE MONUMENT	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
23	<RESERVED>	1		\$0.00	0%	\$0.00	0%	\$0.00	100%	\$0.00
				\$807,967.00		\$0.00		\$0.00		\$807,967.00
24	ENGINEERING & INSP.	1 LS	\$50,000.00	\$50,000.00	0%	\$0.00	0	\$0.00	100%	\$50,000.00
25	CONTINGENCIES	1 LS	\$50,000.00	\$50,000.00	0%	\$0.00	0	\$0.00	100%	\$50,000.00
	TOTALS:			\$907,967.00		\$0.00		\$0.00		\$907,967.00

SUMMARY:		CONSTRUCTION ONLY:		ENGINEERING & CONTINGENCIES:	
TOTAL ESCROW	\$907,967.00	TOTAL ESCROW	\$807,967.00	TOTAL ESCROW	\$100,000.00
AMOUNT RELEASED THIS PERIOD	\$0.00	AMOUNT RELEASED THIS PERIOD	\$0.00	AMOUNT RELEASED THIS PERIOD	\$0.00
TOTAL RELEASED TO DATE	\$0.00	TOTAL RELEASED TO DATE	\$0.00	TOTAL RELEASED TO DATE	\$0.00
AMOUNT REMAINING	\$907,967.00	AMOUNT REMAINING	\$807,967.00	AMOUNT REMAINING	\$100,000.00

IN PROVIDING THIS INFORMATION AS TO THE STATUS OF CONSTRUCTION, UPPER DUBLIN TOWNSHIP MAKES NO REPRESENTATION (EXCEPT WHERE EXPRESSLY STATED HEREIN TO THE CONTRARY) AS TO THE FINAL QUALITY OF THE CONSTRUCTION TO DATE; ITS ABILITY TO PASS FINAL CONFORMANCE WITH APPLICABLE PLANS, SPECIFICATIONS OR MUNICIPAL REQUIREMENTS; ITS ABILITY TO PASS FINAL APPLICABLE TEST REQUIREMENTS, OR THE COST OR DEGREE OF FUTURE WORK, WHICH WILL BE REQUIRED TO COMPLETE THE WORK TO CONFORM WITH FINAL APPLICABLE REQUIREMENTS. UPPER DUBLIN TOWNSHIP EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY FOR CLAIMS OR DAMAGES ARISING FROM ANY CONSTRUCTION DEFICIENCIES HEREFTER DISCOVERED.

TOWNSHIP ENGINEER