

M.E. No./CONTRACT No.: 99-192-1397

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT**

CONTRACT FOR COMMUNITY REVITALIZATION ASSISTANCE PROGRAM

This Contract, entered into by and between the Commonwealth of Pennsylvania, hereinafter referred to as the "Commonwealth", acting through the Department of Community and Economic Development, hereinafter referred to as the "Department", and the

**LANCASTER CITY
REDEVELOPMENT AUTHORITY
28 Penn Square
Lancaster PA 17603**

hereinafter referred to as the "Contractor".

BACKGROUND:

Section 3 of the Act of May 10, 1939 (P.L. 111, No. 51), known as the Commerce Law authorizes the Department to undertake ways and means of promoting and encouraging the prosperous development of Pennsylvania business, industry and commerce, of expanding markets and promoting and developing new markets for Pennsylvania products, to encourage the location and development of new business, industry and commerce within the Commonwealth, to aid in restoring employment in communities affected by unemployment, and to assist persons, firms, associations, political subdivisions, corporations, cooperative associations and other organizations in the execution of its duties and functions under the Act; and

Section 670.101 of the Act of April 9, 1929 (P.L. 177, No. ___), as amended, known as the Administrative Code of 1929, authorizes the Department to make direct grants or provide other forms of technical assistance to various public safety, recreation, senior citizens or other community service organizations; and

The General Assembly of the Commonwealth has appropriated funds to the Department to carry out the provisions of the above referenced Acts.

NOW, THEREFORE, in consideration of the foregoing, and subject to the conditions contained herein, the parties hereto intending to be legally bound hereby, do covenant and agree for themselves, their respective successors and assignees as follows:

At any time during normal business hours and as often as the Department deems necessary, the Contractor shall make available for inspection by the Department, the Commonwealth Auditor General, the Commonwealth Attorney General, or the Comptroller General of the United States, or their duly authorized representative, all of its records with respect to all matters covered by this Contract and will permit the Department to audit, examine and make copies of such records.

All required records shall be maintained by the Contractor for a period of three (3) years from the date of final audit or close out of this Contract by the Department, except in those cases where unresolved audit questions may require maintaining some or all records for a longer period. In such event, records shall be maintained until all pending matters are resolved.

ARTICLE XII PROGRESS REPORTS

The Contractor and its subcontractors shall furnish to the Department such progress reports in such form and quantity as the Department may from time to time require, including, but not limited to, status reports of the project, project account statements, certificates, approvals, proposed budgets, invoices, copies of all contracts executed and proposed, employment placements, follow-up reports and any and all other information relative to the Contract as may be requested. The Department or its representative shall have the right to make reasonable inspections to monitor the Contractor's performance under this Contract.

In the event that the Department determines that the Contractor or its subcontractor(s) has not furnished such reports as required by the Department, the Department, by giving written notice to the Contractor, may suspend payments under this Contract until such time as the required reports are submitted.

ARTICLE XIII ACKNOWLEDGMENT OF COMMONWEALTH ASSISTANCE

Any publication concerning a project financed by the Department will acknowledge Commonwealth financial assistance as follows:

"This Project was financed *[in part]* by a grant
from the Commonwealth of Pennsylvania,
Department of Community and Economic Development"

Signs acknowledging said Commonwealth financial assistance or administrative participation will be erected in the project area as soon as possible after the effective date of this Contract. Acknowledgment of Commonwealth financial assistance may be combined with acknowledgment of other funding sources on project signs or in project publications.

REDEVELOPMENT LOAN AGREEMENT

THIS REDEVELOPMENT LOAN AGREEMENT (the "Agreement") entered into this 1st day of February, 2000, by and between the PENN SQUARE PARTNERS, a Pennsylvania limited partnership (hereinafter referred to as "Borrower"), and the REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER, 120 North Duke Street, Lancaster, Pennsylvania (hereinafter referred to as "Authority").

BACKGROUND:

Authority has been designated to receive up to Four Million Dollars (\$4,000,000.00) pursuant to one or more grants from the Commonwealth of Pennsylvania (hereinafter referred to as the "Grant") for the Penn Square Center redevelopment project for that tract of commercial real property, including inter alia the vacant Watt & Shand department store building, located on Penn Square in Lancaster City, Pennsylvania (hereinafter referred to as the "Project"). Borrower is the redeveloper of the Project. Borrower has requested a loan from the Authority using the proceeds of the Grant to be used for costs associated with the Project. Authority finds that redevelopment on Penn Square as contemplated by the Project will serve the public good in eliminating the blight of the vacant building, increasing the local real estate tax base, improving property values in the area of the Project, and contributing to the revitalization of Lancaster City through job creation and preservation and enhancement of Penn Square and surrounding areas. Authority further finds that the loan of the Grant funds to the Project in the form of a long-term loan subject to the terms and conditions set forth herein (the "Loan") will assist in accomplishing the public benefits to be realized. Borrower desires to accept the Loan subject to the terms and conditions of this Agreement, the Loan Documents defined hereinafter, the terms and conditions applicable to the Grant[s] (the "Grant Conditions"), and all applicable laws and regulations.

NOW, THEREFORE, in consideration of the covenants contained herein which are hereby acknowledged, and intending to be legally bound, the parties to this Agreement agree as follows:

1. The Project. Borrower shall undertake the renovation of its facilities on Penn Square, Lancaster City (hereinafter referred to as the "Property") pursuant to the Project description, attached as Exhibit "A" to this Agreement. The "Property" is defined in Exhibit "A." It is understood that the Property consists only of a portion of the existing structure which is outlined in Exhibit "A" and does not encompass those other portions of the premises which are excluded from that outline.

2. The Loan. At closing and from time to time thereafter in accordance with Paragraph 3 below, if Borrower has complied with its obligations hereunder, Authority shall lend to Borrower those funds received by Authority from the Commonwealth of Pennsylvania pursuant to the Grant, as and when received. The Loan shall be documented by this Agreement, and the Note and Mortgage described hereinafter, and such other agreements, certificates, and documents required by the Grant Conditions (collectively hereinafter the "Loan Documents"). The Loan shall be non-amortizing and shall be due in one single payment on the twentieth (20th) anniversary of the

date of the final advance of the Loan funds to the Borrower, unless earlier due as provided in this Agreement. The Borrower's obligations to repay the Loan shall be evidenced, inter alia, by a Promissory Note, which Borrower shall execute and deliver to Authority at closing (the "Note") and a subordinated Mortgage in favor of the Authority (the "Mortgage"). The Loan Documents shall contain such terms and be in such form as the Authority shall reasonably require.

3. Disbursing the Loan. Borrower and Authority agree that the release of all or any part of the Loan proceeds shall be subject to the Grant Conditions, and such release shall be conditioned on submission to the Authority by Borrower of Applications For Payment in the form required under the Grant and reasonably required by the Authority, together with any required supporting documentation.

4. Authority Representative. Authority shall appoint a representative to represent Authority at all job conferences and Project meetings and to prepare periodic status reports on the Project for the use of Authority. Authority shall give Borrower written notice of the name, address and telephone number of its representative.

5. Use of Proceeds. Borrower shall use the Loan proceeds solely for the Project in strict accordance with the terms and conditions of the Loan Documents, the Project Application, and the Grant Conditions. All costs associated with the administration of the Project and compliance with the requirements of the Grant Contract, all costs of settlement, and Authority's reasonable attorneys' fees associated with the Loan and Project, shall be borne by Borrower. Borrower shall be solely responsible for completion of the Project in accordance with the Project Application and Grant Conditions.

6. Other Funds. Authority shall have no obligation under this Agreement to disburse any funds to Borrower other than the Grant received pursuant to the Grant Conditions. Borrower shall be responsible for providing matching funds, if any, required under the Grant Conditions.

7. Ineligible Proceeds. Borrower shall be responsible for reimbursing Authority for any Project expenses financed with the Loan proceeds which are determined by the Commonwealth of Pennsylvania to be not eligible under the terms of the Grant Conditions.

8. Borrower's Other Covenants. Until the Loan has been entirely repaid and all of its obligations to the Authority connection therewith have been satisfied, the Borrower shall be bound by the following covenants:

(a) Entity Status. The Borrower will preserve its existence as a limited partnership and maintain its good standing under the laws of Pennsylvania; provided that the Borrower shall be entitled to effect, and nothing in this Loan Agreement or any other Loan Document shall restrict, the transfer, issuance, redemption, or reorganization of any partnership interests in the Borrower.

(b) Compliance with Laws. The Borrower will comply with all applicable laws, ordinances, and regulations (together, "Laws"), including without limitation, all Laws relating to emissions, discharges, releases or threatened releases of hazardous materials (as defined in such Laws) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, handling or transport of hazardous materials. Borrower shall be responsible for the remediation of any condition on the Premises as may be required by any Law.

(c) Insurance. The Borrower shall maintain workers compensation insurance and comprehensive general liability insurance in amounts reasonably deemed adequate by the Authority to cover losses and injuries to persons and property occurring on the Property and arising out of the actions or inactions of Borrower. Borrower agrees to maintain the improvements now existing or hereafter erected on the Property insured against loss by fire and hazards included within the terms "extended coverage", and such other hazards as Authority may require, in an amount equal to 100% of replacement value. Said insurance shall name Authority as an additional insured and shall give the Authority thirty (30) days' advance written notice prior to cancellation.

(d) Maintenance. Borrower, at its expense, shall maintain the Property in good repair and condition, substantially in its current state or better, excepting renovation, demolition, and alteration (i) contemplated by the Project, (ii) which would carry out other improvements to the Property, or (iii) which is approved in advance by Authority.

(e) Completion of Project. Borrower shall comply with the terms of the Grant Conditions and all applicable laws and regulations of the Commonwealth of Pennsylvania, and Borrower shall appoint a compliance officer and to provide such reports on compliance as may be required by the Grant Conditions and applicable laws and regulations.

(f) Nondiscrimination. The Borrower will not discriminate against any employee or against any applicant for employment because of race, religion, color, national origin, sex, age (40 and over), disability, handicap, or other protected category under applicable law (including, but not limited to, employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship). Borrower shall comply with the requirements of Title VI and Title VIII of the Civil Rights Act of 1964 and 1968, respectively, which provide that (1) no person is to be excluded from participation in, be denied the benefit of, or be subject to discrimination under any program or activity receiving financial assistance hereunder, and (2) no person shall discriminate in the sale or rental of housing, the financing of housing, or the provision of services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, handicap, or national origin, or other status which is protected under such laws.

(g) Title To Property. Borrower will keep title to the Property free and clear of all liens, judgments and claims of any kind whatsoever, except (i) permitted liens and encumbrances contemplated in this Agreement (including but not limited to those referred to in Paragraphs 12 and 17(d) of this Agreement), and (ii) existing easements and restrictions of record.

(h) Bonds. Borrower shall procure fidelity bonds for its agents or employees as may be required by the Grant Conditions and/or Loan Documents.

(i) No Personal Interests. No present or former director or officer of Authority, no employee of Authority who formulates policy or influences decision with respect to the Project, nor any public employees, official, or member of a governing body of federal, state or local government who exercises functions or responsibilities with respect to this Project, shall have any direct, indirect, or contingent interest during his or her tenure (or for one year thereafter) in this Agreement or the Grant Conditions.

(j) Signage. Any signage required to be erected on the Property pursuant to the Grant Conditions and/or Loan Documents shall include acknowledgment of the financial assistance of the Authority.

(k) Monitoring. Borrower shall allow Authority or representatives of the Commonwealth of Pennsylvania to have access to any contract, book, document, paper or record related to the Project, for the purpose of monitoring and audit as required by the Grant Conditions and/or Loan Documents or the Authority in its reasonable discretion. Any out-of-pocket costs incurred by the Authority for such monitoring shall be paid or reimbursed by the Borrower; except if the Authority shall engage persons or incur costs to monitor the physical construction activities at the Project, which expense shall be the Authority's expense. Borrower will promptly provide Authority with copies of any notices received from the Commonwealth and its agencies pursuant to the Grant Conditions or any notices to the Commonwealth and its agencies from Borrower. Borrower will notify Authority promptly of any meetings to be held with the Commonwealth of Pennsylvania and its agencies regarding the Project.

(l) Record Retention. Borrower shall retain all records and make them available for audit for a period of seven years (or such longer period as may be required by applicable law and regulation or the Grant Conditions and/or Loan Documents) after repayment of the Loan.

(m) Inspections. Authority shall have the right of reasonable entry at all times upon the Property for the purposes of inspection and shall likewise have the right during normal business hours to inspect or examine books of Borrower as may be required by the Grant Conditions and/or the Loan Documents.

(n) Information. Borrower shall collect all information necessary to submit any reports required by the Commonwealth of Pennsylvania.

(o) Financial Statements. Borrower shall provide Authority with a copy of its annual financial statements (which may be compiled, reviewed or audited) on an annual basis, starting with the fiscal year such funds are first received until the repayment in full of the Loan.

9. Title Report. As a condition to Closing, Borrower shall provide Authority with a title report evidencing its ownership of the Property.

10. Borrower's Warranties. Borrower hereby represents and warrants to Authority that:

(a) Good Standing. The Borrower is a limited partnership, duly organized, validly subsisting and in good standing under the laws of the Pennsylvania.

(b) Borrower's Authority. The Borrower has all necessary power and authority to execute and deliver the Loan Documents and to perform its obligations thereunder.

(c) No Violation. The Borrower's execution and delivery of the Loan Documents, and the Borrower's compliance with the terms and provisions thereof, will not conflict with or cause an acceleration or a violation of any agreement that affects the Borrower, any partner of Borrower, or the Property.

(d) Valid Obligation. The Borrower has duly and validly executed and delivered the Loan Documents. The Loan Documents are valid and legally binding obligations of the Borrower, enforceable in accordance with their terms.

(e) Taxes Current. The Borrower has filed all required federal, state and local tax returns and has paid all taxes shown on such returns as they have become due.

(f) Environmental Violations. Neither Borrower nor any partner of Borrower is in violation of any federal state or local environmental law with respect to the Property, except as may be set forth in writing in any environmental reports regarding the Property (copies of which have been delivered to the Authority).

All Borrower's representations and warranties shall be true and correct as of the date hereof and at closing and shall survive execution and delivery hereof.

11. Indemnity by the Borrower. The Borrower will protect, defend, indemnify and save harmless the Authority from and against any and all liability, damages, claims, suits, liens and judgments of whatever nature, including but not limited to claims for contribution and/or indemnification for remediation of pollution or hazardous substances, for injuries to or death of any person or persons, and/or damage to the property of any person or persons, caused by, in connection with or arising out of any activities undertaken pursuant to this Agreement or any of the activities carried on upon the Property, excluding, however, any matters arising out of or caused by the actions or inactions of the Authority. Borrower's obligation to protect, defend, indemnify and save harmless as set forth in this section includes any and all attorneys' fees incurred by the Authority in the defense of said suit, demands, judgments, liens, claims and all attorneys' fees incurred by in enforcing and/or obtaining compliance with the provisions of this paragraph. Borrower further agrees to protect, defend, indemnify and save harmless the Authority from and against any claims or liability for compensation under the Worker's Compensation Act arising out of injuries sustained by any employees of Borrower, or of any licensees or subcontractors of Borrower.

12. Subordination. It is understood and agreed that Borrower and its successors and assigns may obtain various other loans for the acquisition, development, improvement, holding, operation, and refinancing of the Property. Authority, for itself and its successors and assigns, agrees that the Loan is and shall be subordinate in priority and right of repayment to any and all "Senior Indebtedness" now and hereafter obtained with respect to the Project. As used herein, "Senior Indebtedness" shall mean any loan obtained by Borrower and/or its successors and assigns and permitted transferees for the acquisition, development, improvement, holding, operation, and/or refinancing of the Project, *provided, however*, that "Senior Indebtedness" shall not include:

(i) guaranties made by Borrower of loans made to other parties, except, in such case, to the extent that the proceeds of such loans are used to make capital improvements to and renovations of the Property, or

(ii) a refinancing of already existing indebtedness to the extent that the proceeds of such refinancing are distributed to Borrower's partners, or to the partners, shareholders, or members of a permitted transferee under Paragraph 17, *except that* a refinancing to the extent that the proceeds are distributed to any of Borrower's present or future partners, or to the partners, shareholders, or members of a permitted transferee under Paragraph 17, and where the Authority consents to such distribution, shall also be considered Senior Indebtedness. The Authority agrees not to unreasonably withhold, condition or delay its consent to any such distribution(s) of refinancing proceeds or to the resulting subordination of its Loan in such cases. Without limiting the generality of the preceding sentence, the Authority shall give its consent where the "Loan-to-Value Ratio" determined on a *pro forma* basis immediately after the borrowing and distribution in question is not greater than 75%. "Loan-to-Value Ratio" shall mean the result, expressed as a percentage, produced by dividing (1) the principal amount of all Senior Indebtedness (i.e., excluding the Authority's Loan) by (2) the value of the Property. The value of the Property shall be established by an appraisal obtained and paid for by Borrower and dated within 24 months preceding the date on which the Authority's consent is requested and which is prepared by an independent real estate appraiser possessing a current license issued by the Commonwealth of Pennsylvania.

Authority agrees to execute any additional subordination agreements that may requested by any such other lender(s) and that are consistent with the provisions of this Agreement.

Without limiting the generality of the foregoing:

(a) Notwithstanding the foregoing subordination, until: (i) the occurrence of an event of default by Borrower under any document evidencing Senior Indebtedness; or (ii) Borrower makes any assignment for the benefit of creditors; or (iii) any bankruptcy proceedings are instituted by or against Borrower; or (iv) any receiver for Borrower's business assets is appointed; or (v) there is any dissolution or winding up of the affairs of Borrower, whichever of the foregoing occurs earliest, Borrower may make and the Authority may receive any and all payments due regarding the Loan.

(b) In the event of any insolvency or bankruptcy (voluntary or involuntary) proceedings or any receivership, liquidation, reorganization or other similar proceedings on connection therewith, related to Borrower or to its creditors, as such, or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of Borrower, whether or not involving insolvency or bankruptcy, then the holders of Senior Indebtedness shall be entitled to receive payment in full of all principal and interest on all Senior Indebtedness before the Authority is entitled to receive any payment on account of principal or interest on the Loan, and to that end the holder of Senior Indebtedness shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of this Loan.

(c) In the event that this Loan is declared due and payable before its expressed maturity because of the occurrence of an event of default hereunder (under circumstances when the provisions of the foregoing clause (b) shall not be applicable), the holders of Senior Indebtedness outstanding at the time the Loan so becomes due and payable because of such occurrence of a default hereunder shall be entitled to receive payment in full of all principal and interest on all Senior Indebtedness before the Authority is entitled to receive payment on account of the principal or interest upon this Loan.

(d) In the event of any default in payment of any principal of or any interest on any Senior Indebtedness and during the continuance of any such default, no amount shall be paid by the Borrower, and the Authority shall not be entitled to receive any amount, in respect of the principal of or interest on the Loan. No present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce subordination of this Loan by any act or failure to act on the part of Borrower. Borrower shall render written notice to the Authority immediately upon the occurrence of each such default in the payment of any principal of or any interest on any Senior Indebtedness describing such default in detail.

(e) Nothing contained in the subordination herein is intended to or shall impair, as between the Borrower, its creditors other than the holders of Senior Indebtedness, and the Authority, the obligation of the Borrower, which is absolute and unconditional, to pay to the persons entitled thereto under the terms thereof the principal of and interest on this Loan, as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the Authority and creditors of the Borrower other than the holders of Senior Indebtedness, nor shall anything herein prevent the Authority from exercising all remedies otherwise permitted by applicable law upon default under the Loan, subject to the rights, if any, under the subordination herein, of the holders of Senior Indebtedness in respect of cash, property or securities of the Borrower received upon the exercise of any such remedy.

13. Performance of Work. Borrower covenants and warrants that all work in connection with the construction of the Project shall be in accordance with the Project Application and approved plans and specifications, as the same may be amended, and shall be performed in a good and worker-like manner, consistent with all applicable state and local codes and regulations, and that all necessary permits, inspections, and certificates of occupancy will be obtained in a timely

manner. Borrower covenants that the construction plans and specifications will be duly approved by all appropriate governmental authorities in advance.

14. Interest. The Loan shall not bear interest, except as otherwise required under the Grant Conditions.

15. Maturity. The Loan shall be due and payable in full, without demand, upon the earlier of the dissolution of Borrower (unless the Loan shall have been assumed as contemplated under Paragraph 17 hereof), or an Event of Default under this Agreement or the Loan Documents not cured within the applicable grace period provided therein, subject, however, to Paragraph 12 above (relating to subordination).

16. Amendments. This Agreement may not be changed or amended in any manner whatsoever except by written agreement of the parties hereto. No amendment shall operate to change or amend the Grant Conditions except with the prior approval of the Commonwealth of Pennsylvania through its duly authorized agencies.

17. Transfers.

(a) Restrictions. While the Loan is outstanding, Borrower shall not assign, transfer, or otherwise dispose of this Agreement, or convey a fee simple ownership interest in the Property without prior written approval of Authority, except as otherwise permitted under this Paragraph 17.

(b) Loan Assumable. Provided that Borrower gives prior written notice to Authority and Authority consents (Authority hereby agrees not to unreasonably condition, delay or withhold its consent), Borrower may convey the Property together with the Loan to any person or entity who agrees in writing to assume and be bound by the remaining obligations and terms under this Agreement and the Note and the Mortgage, whereupon Borrower shall be released from all remaining obligations with respect to the Loan.

(c) Partial Assumption. It is further understood and agreed that the Property is a portion of the real estate owned by Borrower at the corner of Penn Square in Lancaster, Pennsylvania, and that those other portions of Borrower's real estate other than the Property are intended to be subdivided and conveyed to one or more persons or entities. In particular, but without limiting the generality of the foregoing, it is contemplated that a portion of Borrower's real estate may be conveyed to the Lancaster County Convention Center Authority for use as a convention/conference center. Portions of the costs expended by Borrower using the proceeds of the Loan may be allocable to the development of such convention/conference center, rather than to the costs of the development of the remaining Property to be held by Borrower. Accordingly, it is understood and agreed that Borrower may assign and delegate its obligation to repay a portion of the Loan to the Lancaster County Convention Center Authority subject to the agreement of the Lancaster County Convention Center Authority to assume and be bound by the Loan Documents with respect to such portion of the Loan, whereupon Borrower shall be released from all remaining obligations with respect to such portion of the Loan.

(d) Other Permissible Activities. Nothing in this Paragraph 17 or otherwise in the Loan Documents shall restrict or prevent Borrower from, or require any consent to, (1) borrowing money and/or granting mortgages, liens and encumbrances on the Property for the financing or refinancing of the Property as contemplated under Paragraph 12 hereof, or (2) granting any and all easements, rights-of-way, long-term leases or operating agreements, and similar encumbrances on the Property as it shall determine to be necessary or desirable for the development and operation of the Property, or (3) effecting transfers, issuances, redemptions or reorganizations of the partnership interests in the Borrower.

18. Interpretation. The word "Authority" herein shall be deemed and construed to include successors and assigns of Authority; and the words "Borrower" herein shall be deemed and construed to include the successors and assigns of Borrower.

19. Incorporation by Reference. All documents signed and executed by and between Borrower and Authority relative to the Project are hereby incorporated by reference and made a part hereof.

20. Events of Default. The following shall constitute an event of default under this Agreement: Borrower shall default in payment, when due, of the Loan, or in the observance or performance of any other covenant or provision of this Agreement (including all obligations under the Grant Conditions and/or Loan Documents agreed by Borrower to be performed or observed) and such default in payment or in observance or performance of any other covenant continues for a period of forty-five (45) days after notice of such default from Authority to Borrower or in the event of default incapable of cure within forty-five (45) days, Borrower shall fail to commence and diligently proceed to cure said default within such forty-five (45) day period.

Upon the occurrence of any such event of default, Authority may, at its option, elect to terminate this Agreement and upon notice, this Agreement shall terminate as of the date specified in such notice, subject, however, to Paragraph 12 above.

Notwithstanding the above, Borrower shall not be relieved of liability to Authority for damages sustained by the Authority by virtue of any breach of this Agreement by Borrower, and Authority may withhold payments to Borrower for purposes of setoff until such time as the exact amount of damages due Authority is determined.

21. Partial Invalidity. If any portion hereof is held invalid, it is agreed that the balance, notwithstanding, shall continue in full force and effect.

22. Authorship. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

23. Recourse Limited. No general partner or limited partner of the Borrower shall have any liability under or with respect to any of the indebtedness or other obligations to the Authority contemplated or evidenced by the Note or any of the other Loan Documents; and the Authority shall have no recourse with respect to any general partner or limited partner of the Borrower for repayment of the Loan or any such other obligations.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have executed this Agreement as of the day and year first above written.

PENN SQUARE PARTNERS

By: PENN SQUARE GENERAL CORPORATION,
Its sole general partner

By: Nevin D Cooley
Name: NEVIN D COOLEY
Title: PRESIDENT

Thomas W. Smithgall
Attest

REDEVELOPMENT AUTHORITY OF THE CITY
OF LANCASTER

By: Thomas M. Wesol
Name: THOMAS M. WESOL
Title: CHAIRMAN

ATTEST:
Thomas W. Smithgall