

TOWN OF BRIDGEVILLE

If you lived here, you would be home now.

December 7, 2004

Mr. Nick Rocks
Passwaters Farm, LLC
1960 Gallows Road
Suite 300
Vienna, Virginia 22182

Dear Nick:

Per our conversation, the Town of Bridgeville is in need of your assistance in the purchase of the land disposal site (Tatman) for our new Wastewater System. As you know, this selected site of 123.78 acres when coupled with the 900 acres of Wheatley Farms available for lease and immediately adjacent to the Tatman land, gives the Town of Bridgeville sufficient spray land for well over 500 million gallons of treated effluent a year and solves all of our wastewater needs for literally decades.

Under the terms of the Development Agreement of November 10, 2003, Passwaters Farm, LLC has committed to pay the Town an impact fee (\$3,000) beginning on June 1, 2004 for a minimum of seventy five (75) residential units per calendar year (\$225,000).

Here is the problem. The Town obtained grants and loans that total \$1.1 million dollars for the purchase of the needed spray land. We felt that we could obtain a spray site for \$5,000 an acre but when we began conversations with land owners that price went off the table.

When we found these sites, Tatman and Wheatley, we had an appraisal conducted as required by law. The appraisal came in at \$14,100 an acre. Since the whole world knows that Bridgeville needs to buy land, the owner was not impressed by our offer. After a series of meetings, both the town and owner agreed to a selling price of \$31,000 an acre or \$3,837.180. We are not happy but short of condemning the land a process we oppose or looking for a new site, which we believe will bring the same results, we are proceeding to settlement.

The sewer rates that were announced by the town when we began this process used the \$1.1 million dollar figure. We can honor that commitment if Passwaters Farm,

Mr. Nick Rocks
Passwaters Farm, LLC
December 7, 2004
Page 2

LLC agrees to front end some of this impact fee. We are in need of \$2,740,000 dollars; this translates to an advance of 913 impact fee units.

We have scheduled settlement for March 1, 2005, so that we will need your commitment and funds before that date.

Thank you for your continued cooperation in this matter.

Yours truly,

COMMISSIONERS OF BRIDGEVILLE



Joseph T. Conaway
President

JTC/af

Cc: Commissioners
Town Manager Walls

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT, made this 28th day of February, A.D. 2005, by and between:

COMMISSIONERS OF BRIDGEVILLE, a municipal corporation of the State of Delaware, 101 North Main Street, Bridgeville, DE 19933, hereinafter referred to as "Buyer",

-AND-

ADDISON L. TATMAN, MORRIS L. TATMAN, and STEPHEN F. TATMAN, CO-TRUSTEES, 10654 Sunnyside Road, Bridgeville, DE 19933, hereinafter referred to as "Seller".

WITNESSETH, that for and in consideration of the mutual covenants hereinafter contained, the parties hereto do mutually agree as follows:

1. Seller agrees to sell and Buyer agrees to buy from Seller all that certain real property consisting of 123.78 acres, more or less, situated in Northwest Fork Hundred, Sussex County, Delaware, identified on the Tax Maps of Sussex County as T.M. No. 4-30-16.00-31.00. Buyer agrees to pay for acreage over and above 123.78 acres based on survey paid for by the buyer, but in no event shall the paid acres be less than 123.78.

This conveyance is made subject to all restrictions of record.

2. Buyer shall pay to Seller as the total purchase price for said premises the sum of THIRTY-ONE THOUSAND DOLLARS (\$31,000.00) per acre, subject to the following:

(a) TEN THOUSAND DOLLARS (\$10,000.00) upon the execution of this Agreement to be held by Wilson, Halbrook & Bayard, P.A., attorneys at law, until the date of final settlement; and

(b) The balance due at settlement by good and sufficient funds; and

(c) Upon the completion of a survey of the subject property as set out in Paragraph 9(a) hereof, the purchase price shall be determined by multiplying the content of the property in acres by THIRTY-ONE THOUSAND DOLLARS (\$31,000.00) per acre.

3. Final settlement shall take place thirty (30) days of the date of the completion of the survey referred to above but no later than June 1, 2005, at such time and place as the parties hereto shall designate.

Agreement of Purchase and Sale
Addison L., Morris L., and Stephen F. Tatman
Page 2

4. Seller shall execute and deliver to Buyer a Deed conveying to Buyer a good and merchantable fee simple title to said premises, free and clear of all liens and encumbrances, except easements and restrictive covenants and conditions which are of record, or are generally applicable to the real estate in the immediate neighborhood, or may be observed by inspection of said premises. Buyer shall pay all closing costs or fees relating to the conveyance of said premises, including but not limited to title search, survey, and recording costs. Seller agrees to pay the cost of the preparation of the Deed. Transfer taxes, if any, shall be paid by Buyer.

5. Ground rent, rent, water rent, taxes, sewer assessments or other public charges against the premises shall be apportioned as of the date of settlement.

6. SPECIAL TERMS:

(a) During the term of this Agreement, Buyer, its employees, agents, and independent contractors shall have the right to enter upon the premises described in Paragraph 1 hereof at reasonable hours, for the purpose of conducting surveys, engineering studies, soil tests, and any other such tests or studies necessary to determine the suitability of the subject premises for Buyer's intended use. Such work shall be done in a manner that causes the least possible disturbance to the possession of the Seller and Buyer covenants that it will save Seller harmless from any negligent conduct of Buyer's employees, agents, and independent contractors. Buyer agrees to pay Seller for any crop damage that occurs. Cost of crop damage will be based on Seller's production costs.

(b) If settlement does not occur under the terms of this Agreement, as provided for herein, Buyer shall compensate Seller for any damage or injury either to the land or to any improvements located thereon that arise out of or are caused by such work. If settlement shall occur under the terms of this Agreement, Seller waives and releases any and all claims for such damages.

7. Seller acknowledges that Buyer proposes to purchase the subject property for use as wastewater lagoons and spray disposal site and that the property must be suitable for this purpose. This Agreement and settlement hereunder are contingent upon the following:

(a) An acceptable site evaluation for soils and groundwater indicating that the composition of the soils and groundwater at the site are suitable for the intended use to be made at the property by Buyer.

(b) The absence of evidence that the site has ever been used for the manufacture, storage or disposal of any hazardous or toxic materials and the non-existence of any hazardous or toxic materials on, under or about the land.

(c) The absence of any significant archeological resources negatively impacting upon the proposed use of the property.

(d) The absence of any State, Federal, or local regulation, rule, statute, or ordinance regulating wetlands or activities in flood hazard areas which would negatively impact on the use of the subject property by the Buyer for the purposes intended by it.

(e) The granting to Buyer of all necessary permits and licenses required from any State, Federal, or local agency having jurisdiction over the proposed use of the subject site.

8. If the foregoing contingencies shall fail through no fault or neglect of Buyer, this Agreement shall terminate and end without liability of either party to the other, except that Seller shall refund to Buyer the deposit made on the purchase price.

9. In the event that settlement shall take place under the terms of this Agreement, the following terms and conditions shall be controlling:

(a) Buyer, at its expense, shall have the subject premises surveyed by a registered land surveyor for the purpose of determining the perimeter boundary of the subject premises and the content thereof.

(b) Prior to settlement, risk of loss caused by fire or other casualty shall be borne by the Seller.

(c) Possession of the land will be given to Buyer at the time of settlement, free and clear of all possessory rights in the owner or other third parties by way of lease or otherwise.

(d) On the date of the termination of that possessory interest or lease and the Seller shall be obligated to give the appropriate legal notice of termination to any person currently in possession of the premises under the lease or otherwise, in accordance with applicable Delaware law.

(e) Buyer and Seller may enter into a separate Agreement relating to the continuation of agricultural use of the premises; provided, however, at no time shall the Seller or any persons occupying the premises under any assignment of lease from Seller shall have any management or control over the storage or discharge of effluent by Buyer for the Bridgeville sanitary sewer system.

Agreement of Purchase and Sale
Addison L., Morris L., and Stephen F. Tatman
Page 4

(f) Buyer and Seller shall, at any time and from time to time hereafter, take any and all steps and execute, acknowledge, and deliver to the other party any and all further instruments and assurances that the other may reasonable require for the purpose of giving full force and effect to this Agreement, including, but not limited to, the allocation of values to real and personal property, the purchase of irrigation fixtures on the premises, tax free exchanges, reverse exchanged, deferred payment, etc.

(1) The price of the complete irrigation system will be negotiated under separate agreement in the following manner:

Buyer will obtain an estimate of the value of their complete system from a competent irrigation equipment company. Seller will do the same. Final selling price will be negotiated using the two estimates. If agreement cannot be made, Buyer and Seller agree to select a third company to determine the value of the equipment. Buyer and Seller agree to accept this figure as the sales price.

10. During the term of this Agreement, Seller shall not sell, convey, mortgage, or otherwise further encumber the property herein described or any part thereof, or enter into any new or renewal lease or letting of the property, or any part thereof, which shall extend beyond the period of this Agreement.

11. **NOTICE TO BUYER:** If the property being purchased hereunder is an unimproved parcel of land, Buyer should consult with the appropriate public authorities to ascertain whether central sewage and water facilities are available, or, if not, whether the property will be approved by appropriate public authorities for the installation of a well and private sewerage disposal system. If central sewerage and water facilities are not available, then this Agreement is contingent upon: (1) a satisfactory site evaluation that will allow the installation of an approved on-site disposal system, in accordance with the regulations promulgated by the Department of Natural Resources and Environmental Control, that is acceptable to the Buyer; (2) the availability of a water supply; and (3) the lot conforming with the local zoning ordinance; or this Agreement shall become null and void and all deposits shall be returned to the Buyer. The Buyer shall request the site evaluation within fifteen (15) days of this Agreement. Buyer shall pay all costs associated with these provisions. The Buyer and Seller may modify these provisions or the buyer may waive these provisions of the Agreement by attaching an addendum signed by the Seller and the Buyer.

Waived: _____

Date: _____

Agreement of Purchase and Sale
Addison L., Morris L., and Stephen F. Tatman
Page 5

12. The parties represent each to the other, that no real estate broker has been engaged in connection with this transaction to whom any commission or other charge shall be claimed against the property or the other party.

13. Time is of the essence of this Agreement, and should the Buyer fail to make settlement as herein provided, all sums paid on account are to be retained by Seller, either on account of the purchase money or as liquidated damages, as Seller shall elect, and in the latter case, this Agreement shall become null and void and formal tender of Deed and tender of purchase money is hereby waived.

14. All of the terms and conditions of this Agreement between the parties hereto are stated herein and no representations or inducements have been made to the Buyer by the Seller other than those herein set forth.

15. This Agreement shall be executed in duplicate, either copy of which shall be deemed to be the original and shall be governed by the laws of the State of Delaware.

16. All references herein to the singular shall include the plural, to the plural shall include the singular, and to any gender shall include all genders. All of the rights and obligations contained herein shall be binding upon and inure to the benefit of the parties hereto, their heirs, devisees, executors, administrators, successors, assigns, and all other legal representatives.

17. Sellers shall have the right to till the property being sold, for their lifetime, without payment of rent. If the Seller determines not to till the property, farming rights revert to Buyer.

Agreement of Purchase and Sale
Addison L., Morris L., and Stephen F. Tatman
Page 6

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals hereunto, the day and year aforesaid.

SELLER:

Bruce Wells
Witness

Addison L. Tatman (SEAL)
Addison L. Tatman
Trustee

Bruce Wells
Witness

Morris L. Tatman (SEAL)
Morris L. Tatman
Trustee

Bruce Wells
Witness

Stephen F. Tatman (SEAL)
Stephen F. Tatman
Trustee

BUYER:

COMMISSIONERS OF BRIDGEVILLE

By: Joseph D. Conway
President

Attest: Margaret W. Sipple
Secretary

{SEAL}

ALLEN & ROCKS, INC.

1960 Gallows Road
Suite 300
Vienna, Virginia 22182
Phone: 703-556-4000
Fax: 703-893-5971
Email: nphr@aol.com

Nicholas P. H. Rocks
President

14 December 2004

Mr. Phillip Barber
Divisional President
U. S. Homes
10230 New Hampshire Avenue
Suite 300
Silver Spring, Maryland 20903

Re: Purchase of Bridgeville Spray Fields

Via: Facsimile: (301) 408-0443

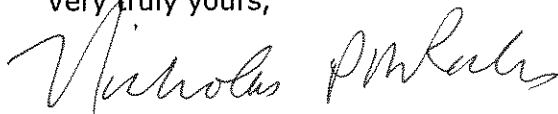
Dear Phil:

Attached is the letter I received from the Town of Bridgeville outlining their request for a \$2,470,000 advance of impact fees. Bridgeville wants this advance so that they can purchase the spray fields for the Town's wastewater discharge. These spray fields are essential for the disposal of the treated wastewater from our project. At the hearing last night, the Bridgeville Commissioners ratified the purchase contract for the spray fields. They will need this money at least 7 days prior to their 1 March 2005 closing date with the seller.

Please note: The town is not asking for any additional money, only for an advance.

Please call me if you have any questions.

Very truly yours,



Nicholas P. H. Rocks

Attachments

TOWN OF BRIDGEVILLE

If you lived here, you would be home now.

March 21, 2005

Mr. Nick Rocks
Passwaters Farm, LLC
1960 Gallows Road, Suite 300
Vienna, Virginia 22182

Dear Mr. Rocks:

This letter is to confirm the Town of Bridgeville's request per our letter dated December 7, 2004 from Joseph T. Conaway asking for your advance payment of \$2,740,000.00 against 913 impact fees per the Development Agreement of November 10, 2003.

It was stated in the December letter, settlement date for the purchase of Tatman land would be March 1, 2005; however, the date has been changed to June 1, 2005. Respectfully, the advanced payment will be needed for settlement.

Also, enclosed is an executed copy of the Agreement of Purchase and Sale between Addison L. Tatman, his sons, and the Commissioners of Bridgeville for your files and information.

Should you have any questions or need additional information, please call.

Very truly yours,

COMMISSIONERS OF BRIDGEVILLE



Bonnie Walls
Town Manager

BW/sks
Enclosures