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October 29, 2004

ST. PE

Teri Massood, Borough Administrator
Borough of Stanhope
Municipal Building
77 Main Street
Stanhope, New Jersey 07874

Re: Hopatcong Adult, L.L.C./D.R. Horton, Inc. New Jersey
Block 20002, Lot 3
Block 20202, Lot 1
Block 20203, Lot 3
Block 20204, Lot 1
Block 20205, Lot 1
Block 20215, Lot 1
Block 20216, Lot 1
Block 20217, Lot 1
Block 10002, Lot 1
Hopatcong, New Jersey
Borough of Stanhope Water/Sewer Issues
Our File No. 18540

Dear Ms. Massood:

Please be advised that this office represents Hopatcong Adult, L.L.C./D.R. Horton, Inc. New Jersey in connection with an application presently pending before the Borough of Hopatcong Planning Board in regard to the above-captioned property. The nature of the application before the Planning Board is to construct an age-restricted active adult housing development for individuals 55 years of age and older. At the present time, the number of dwelling units is 662 units that will consist of a combination of 331 single-family homes, 234 manor homes/garden apartments and 97 townhomes. The property is located along Stanhope/Sparta Road in the Borough of Hopatcong. The site is approximately 300 acres in size.

The Developer would like to provide sewer service to this development project and the Borough of Hopatcong would like the Developer to provide sewer service to approximately 45 existing residential homes in Hopatcong, New Jersey and in close proximity to the site. As a result, the developer is seeking to procure surplus sewer capacity from the Borough of Stanhope. Therefore, kindly consider this letter as the

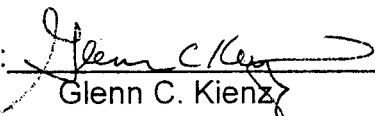
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Developer's request to procure 100,000 gallons per day of surplus sewer capacity in regard to this development project. It is the Developer's understanding that if the Borough of Stanhope is amenable to this request, that the 100,000 gallons of surplus sewer capacity would be transferred from the Borough of Stanhope to the Borough of Hopatcong through the Musconetcong Sewer Authority ("MSA") for use in this project. If the Borough of Stanhope is, indeed, interested in transferring sewerage capacity to the Borough of Hopatcong for use in this project, we respectfully request that a Letter of Intent be authorized to be executed at the November 30, 2004 Borough of Stanhope meeting of the Mayor and Council. Upon the issuance of such a letter, we can commence the negotiations necessary to reach a firm commitment and to enter into a Developer's Agreement with the Borough of Stanhope as well as such other agreements that are necessary to implement the Agreement.

Thank you for your anticipated courtesy and cooperation in regard to this matter. If you have any questions in connection herewith, please do not hesitate to contact me.

Very truly yours,

WEINER LESNIAK LLP

By: 
Glenn C. Kienz
For the Firm

GCK:eac/pag

cc Mayor Diana Kuncken, Borough of Stanhope

John Cilo, P.E., Borough of Stanhope

Richard A. Stein, Esq., Municipal Attorney

Steven Ward, Administrator, Hopatcong Borough

Mayor Richard H. Hodson, Hopatcong Borough

John Flood, Sr., American Associates

Peter B. Lijoi, Esq., Vice President, Land Acquisition, D.R. Horton, Inc.-New Jersey

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