71/1.01/X

BOROUGH OF RED BANK
MONMOUTH COUNTY, NEW JERSEY

Re: Locust Landing
105 Locust Avenue
Block 71 Lot 1.01

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made this 9th day of February ~~December~~, 1999, by and between Locust Landing Urban Renewal Associates, L.P., a limited partnership organized under the limited partnership laws of New Jersey, having its principal office at c/o Horizon, 500 Greenwich Street, New York, New York 10013, [Entity], and the Borough of Red Bank, a Municipal Corporation of the State of New Jersey, having its principal office at 90 Monmouth Street, Red Bank, New Jersey 07701 (Borough).

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Owner under a Deed dated July 14, 1998, of certain property designated as Block 71, Lot 1.01, more commonly known by the street address of 105 Locust Avenue and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, the Entity, or its predecessor, has substantially completed the renovation and rehabilitation of three (3) garden apartment style buildings containing forty (40) living units for low/moderate income rental housing; and

WHEREAS, on November 5, 1998, the Entity filed an Application with the Borough for approval of a long term tax exemption for the Project; and

WHEREAS, the Borough made the following findings:

A. Relative Benefits of the Project when compared to the costs:

i. Project will help stabilize and improve the housing stock as well as quality of life for the surrounding area; and

ii. Project will further the objective of providing housing for low and moderate income families.

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B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

i. The relative stability and predictability of the annual service charges will make the Project more attractive to investors needed to finance the Project; and

ii. The relative stability and predictability of the annual service charges will allow the owner to stabilize its operating budget as well as allow a high level of maintenance to the building over the life of the Project. These conditions will attract tenants to the Project and insure the likelihood of the success of the Project.

WHEREAS, by the adoption of Resolution 98-292 on November 24, 1998, the Governing Body approved and authorized the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. and formal actions of the Borough Council, Boards and Agencies, as well as this Agreement. It is expressly understood and agreed that the Borough expressly relies upon the facts, data, and representations contained in the Application to Borough of Red Bank for Payment-In-Lieu of Taxes Pursuant to New Jersey's Long-Term Exemption Law Act (P.L. 1991, Chapter 431) On Behalf of Locust Landing Urban Renewal Associates, L.P., a New Jersey Partnership and 105 Locust Development Corporation, G.P. and Applicant, with attachments, attached hereto as Exhibit 2, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

i. Annual Service Charge - The amount the Entity has agreed pay the Borough for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. The agreed upon annual Service charge is fifteen percent (15%) of the annual Gross Revenue.

ii. Auditor's Report - A complete financial statement outlining the financial status of the Project (for a period of time as indicated by context), which shall also include a certification of Total Project Cost and clear computation of Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in Partner's equity, a statement of cash flows, results of operations, and descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

iii. Certificate of Occupancy - Document, whether temporary or permanent, issued by the Borough authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

iv. Default- - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

v. Entity - The term Entity within this Agreement shall mean Locust Landing Urban Renewal Associates, L.P. which Entity is formed and qualified pursuant to N.J.S.A.40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under N.J.S.A. 40A:20-1 et seq. by Law and the transfer has been duly approved by the Borough.

vi. Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, laundry user fees or other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to, gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

vii. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

viii. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the Borough may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

ix. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. The 1998 land assessment for the Project premises is $280,000.00. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

x. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xi. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; and all other relevant Federal, State or Borough statutes, ordinances, resolutions, rules and/or regulations.

xii. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is $43,125.25.

The Minimum Annual Service Charge shall be paid in each year in which the Annual Service Charge, calculated pursuant to

N.J.S.A. 40A:20-12 or the Financial Agreement, would be less than the Minimum Annual Service Charge.

xii. Net Profit - The Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c). Included in expenses shall be an amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost over the life of the Improvements, which period the Entity represents is not less than thirty (30) years.

xiv. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xv. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xvi. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h).

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The Borough hereby grants its approval for a tax exemption for all the Improvements rehabilitated and to be maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements are located on certain property known on the Official Tax Assessor's Map of the Borough of Red Bank as: Block 71, Lot 1.01, more commonly known by the street address of 105 Locust Avenue, Red Bank, New Jersey, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Limited Partnership is attached hereto as Exhibit 3, along with New Jersey Department of Community Affairs March 25, 1998 certification that the Entity is approved. Entity represents that its Certificate contains all the requisite provisions of Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Secretary of State or Office of the Monmouth County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Ownership, Management and Control

The Entity represents that it is the owner of the property upon which the Project is located. Entity represents that the Improvements will be managed and controlled as affordable rental housing in accordance with the Law throughout the term of this Agreement.

Section 2.4 Financial Plan

The Entity represents that the Improvements have been financed in accordance with the Application attached hereto as Exhibit 2, including that section entitled "Development Budget and Financing Sources". The Plan sets forth estimated Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.5 Statement of Rental Schedules and Lease Terms

The Entity represents that its good faith projections of the initial rental schedules and lease terms are as set forth in Exhibit 2, attached hereto.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the thirty (30) years from the date of Substantial Completion of the Project, which date is agreed to be November 1, 1998. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make payment to the Borough of an Annual Service Charge equal to 15% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue as set forth in its Application, attached hereto as Exhibit 2. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

Section 4.2 Land Tax Credit

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. At the end of the first full calendar year under this Agreement and annually thereafter, the Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any year that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credits against the Annual Service Charge for that year. No credit will be applied against the Annual Service Charge for partial payments of Land Taxes. In addition, the Borough shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.3 Quarterly Installments

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge, the amount unpaid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid.

Section 4.4 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the Borough in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as one (1%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before February 1st of each year commencing February 1, 2000 (which payment will be for the period through December 31, 1999). In the event that the Entity fails to timely pay the Administrative Fee, the amount unpaid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid.

Section 4.5 Additional Consideration

The Entity shall pay the Borough the sum of $5,000.00 as Additional Consideration for this tax exemption. Such sum shall be due and payable upon the execution of this Agreement. This one time payment is made to the Borough as partial reimbursement for legal and administrative expenses regarding this Project and the RCA funding.

Section 4.6 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Annual Service Charges, including adjustments thereto, Administrative Fees, and any other payments provided for in this Agreement, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - ANNUAL REPORTS

Section 5.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 5.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis, that this Agreement shall continue in effect, the Entity shall submit to the Borough Governing Body, the Tax Collector, Borough Clerk and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to: Rental schedule of the urban renewal Project, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Gross and Net Profit for the Entity during the previous year.

B. Total Project Cost Audit: Within 150 days after the Substantial Completion of the Project, the Entity shall submit to the Governing Body, the Tax Collector and the Borough Clerk, an audit of Total Project Cost, certified as to actual construction costs by an independent and qualified architect, and as to all other costs, certified its conformance with generally accepted accounting principles, by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, if there has been a change in ownership or interest from the prior year's filing, the Entity shall submit to the Governing Body, the Tax Collector and the Borough Clerk, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the Borough may request from time to time.

Section 5.3 Inspection

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the Borough and the NJ Division of Local Government Services in the Department of

Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity.

ARTICLE VI- LIMITATION OF PROFITS AND RESERVES

Section 6.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits and, in the case of a corporation, the dividend payable by it pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount not exceeding ten (10%) percent of the Gross Revenues of the Entity for the last full fiscal year preceding the year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be noncumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of 10% percent of the preceding year's Gross Revenues.

Section 6.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any fiscal year, shall exceed the allowable Net Profits for such period, then the Entity, within 90 days after the end of such fiscal year, shall pay such excess Net Profits to the Borough as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 6.1.

Section 6.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within 90 days after such date, the Entity shall pay to the Borough the amount of the reserve, if any, maintained by it pursuant to this section and the excess Net Profit, if any.

ARTICLE VII- ASSIGNMENT AND/OR ASSUMPTION

Section 7.1 Approval

Any change made in the ownership of the Project and sale or transfer of the Project, shall be void unless approved in advance by the Governing Body of the Borough. It is understood and agreed that the Borough, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement is fully assumed by the new Entity and 5) the Entity shall have paid over to the Borough 2% of the consideration paid by the new Entity.

Section 7.2 Fee

Where the consent or approval of the Borough is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the Borough a fee for the legal and administrative services of the Borough, as it relates to the expenses for the review, preparation and/or submission of documents to the Governing Body for appropriate action on the requested assignment. The fee shall be non-refundable.

Section 7.3 Transfer to Nonprofit.

In the event that the Entity transfers, sells, conveys, or in any manner relinquishes ownership or title to the land and improvements covered by this tax exemption agreement to a tax exempt non-profit organization or institution during the term of the tax exemption agreement, it is understood and agreed by the Entity that it shall pay to the Borough a sum equal to the total taxes which would have been assessed on Improvements covered by the Project for the three (3) years preceding the transfer of the Project.

Section 7.4 Severability.

It is an express condition of the granting of this tax exemption that during its duration, the Entity shall not, without the prior consent of the Governing Body by Ordinance, convey, mortgage or transfer, all or part of the Project so as to sever, disconnect, or divide the improvements from the lands which are basic to, embraced in, or underlying the exempted improvements.

ARTICLE VIII - COMPLIANCE

Section 8.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq, as currently amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the Borough shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE IX - DEFAULT

Section 9.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 9.2 Cure Upon Default

Should the Entity be in Default, the Borough shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have sixty (60) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the Borough, the Default cannot be cured within sixty (60) days using reasonable diligence, the Borough will extend the time to cure.

Subsequent to such sixty (60) days, or any approved extension, the Borough shall have the right to terminate this Agreement in accordance with Section 10.1.

Should the Entity be in default failure to pay any charges defined as Material Conditions in Section 4.6, the Borough may, in its sole discretion, proceed immediately to terminate the Agreement as provided in Article X herein.

Section 9.3 Remedies Upon Default

The Borough shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, or the Annual Service Charges shall allow the Borough to proceed immediately to terminate the Agreement as provided in Article X herein. All of the remedies provided in this Agreement to the Borough, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No determination of any provision of this Agreement shall deprive the Borough of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Annual Service Charge, Administrative Fees or any other payments due hereunder. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no determination. Further, the bringing of any action for Land Taxes, the Annual Service Charge, Administrative Fees or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in this Agreement the Borough, among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE X- TERMINATION

Section 10.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 9.2, the Borough may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 10.2 Voluntary Termination by the Entity

The Entity may after the expiration of one year from the Substantial Completion of the Project notify the Borough that as of a certain date designated in the notice, it relinquishes its status as a tax exempt Project. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate.

Section 10.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the Borough the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 10.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the Borough.

ARTICLE XI - DISPUTE RESOLUTION

Section 11.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne equally by the parties. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges provided for in this Agreement as Material Conditions.

ARTICLE XII - WAIVER

Section 12.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the Borough of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit any right of recovery of any amount which the Borough has under law, in equity, or under any provision of this Agreement.

ARTICLE XIII - INDEMNIFICATION

Section 13.1 Defined

It is understood and agreed that in the event the Borough shall be named as party defendant in any action (other than an action commenced by the Entity) alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the Borough harmless, and the Entity agrees to defend the suit at its own expense. However, the Borough maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the Entity.

ARTICLE XIV- NOTICE

Section 14.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 14.2 Sent by Borough

When sent by the Borough to the Entity the notice shall be addressed to:

Locust Landing Urban Renewal Associates, L.P.
John Morrongiello
c/o Horizon
500 Greenwich Street
New York, New York 10013

with copy to:

David J. Ritter, Esq.
c/o Brach, Eichler, Rosenberg,
Silver, Bernstein, Hammer & Gladstone
101 Eisenhower Parkway
Roseland, New Jersey 07068

unless prior to giving of notice the Entity shall have notified the Borough in writing otherwise.

In addition, provided the Borough is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the Borough agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 14.3 Sent by Entity

When sent by the Entity to the Borough, it shall be addressed to:

Borough Clerk
Borough of Red Bank
90 Monmouth Street
Red Bank, New Jersey 07701

with copies to:

Borough Administrator
Borough of Red Bank
90 Monmouth Street
Red Bank, New Jersey 07701

and

Borough Tax Collector
Borough of Red Bank
90 Monmouth Street
Red Bank, New Jersey 07701

unless prior to the giving of notice, the Borough shall have notified the Entity otherwise. The notice to the Borough shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XIV-SEVERABILITY

Section 15.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties. However, the Borough shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the Borough.

ARTICLE XVI - MISCELLANEOUS

Section 16.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

Section 16.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 16.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 16.4 Entire Document

This Agreement and all conditions in the Ordinance of the Governing Body approving this Agreement are incorporated in this Agreement and made a part hereof.

ARTICLE XVII - EXHIBITS

Section 17 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;

2. Application to Borough of Red Bank for Payment-In-Lieu of Taxes Pursuant to New Jersey's Long-Term Exemption Law Act (P.L. 1991, Chapter 431) On Behalf of Locust Landing Urban Renewal Associates, L.P., a New Jersey Partnership and 105 Locust Development Corporation, G.P. and Applicant, with attachments:

   (A) Development Budget and Financing Sources.
   (B) Operating Pro-Forma and 15 Year Cash Flow Projections.
   (C) Income and Expense Assumptions

3. Limited Partnership Certificate of Locust Landing Urban Renewal Associates, L.P. filed March 30, 1998 with the New Jersey Secretary of State with attached March 25, 1998 New Jersey Department of Community Affairs letter of approval.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

ATTEST:

SECRETARY

LOCUST LANDING URBAN RENEWAL ASSOCIATES, L.P.

BY: 105 LOCUST DEVELOPMENT CORP. GENERAL PARTNER

BY: JOHN MORRONGIELLO, PRESIDENT

ATTEST:

CAROL VIVONA
BOROUGH CLERK

BOROUGH OF RED BANK

BY: EDWARD J. McKENNA, MAYOR

DW:C:\WPDOCS\REDBANK\98-760.RB

RICHARD T. O'CONNOR, ESQ.

Acknowledgment
Proof by Subscribing Witness

STATE OF NEW JERSEY, COUNTY OF Monmouth SS.
I CERTIFY that on ~~December, 31 1998~~ February 9, 1999
Carol Vivona

personally came before me and stated under oath to my satisfaction that:
(a) this person was the subscribing witness to the signing of the attached instrument;
(b) this instrument was signed by
Edward J. McKenna

who is Mayor of The Borough of Red Bank
the entity named in this instrument, and was fully authorized to and did execute this instrument as the act of the entity; and,
(c) the subscribing witness signed this proof under oath to attest to the truth of these facts; and
(d) this instrument was executed as the act of the entity named in this instrument.

Signed and sworn to before me on (date) 2/9/99

(Print name and title below signature)
ANNE J. KINDT
ATTORNEY AT LAW OF N.J.

(Print name of subscribing witness below signature)
CAROL VIVONA
Borough Clerk

STATE OF NEW JERSEY, COUNTY OF Monmouth SS.
I CERTIFY that on December, 31 1998

personally came before me and stated under oath to my satisfaction that:
(a) this person was the subscribing witness to the signing of the attached instrument;
(b) this instrument was signed by
JOHN MORRONGIELLO

who is President of 105 Locust Development Corp.
the entity named in this instrument, and was fully authorized to and did execute this instrument as the act of the entity; and,
(c) the subscribing witness signed this proof under oath to attest to the truth of these facts; and
(d) this instrument was executed as the act of the entity named in this instrument.

STATE OF NEW YORK
COUNTY OF NEW YORK
Signed and sworn to before me on (date)
FEBRUARY 2, 1999

(Print name and title below signature)

(Print name of subscribing witness below signature)

QUEVA JAYNE LUTZ
Notary Public, State of New York
No. 31-4803264
Qualified in New York County
Commission Expires April 30, 2000

LOCUST LANDING PILOT CALCULATION - 2012

Years 1998 - 2028:

An annual service charge will be paid to the Borough that is equal to 15% of the Annual Gross Revenue. It cannot be less than the established "Minimum Annual Service Charge."

The taxes paid on the land shall be credited against the service charge; the amounts will be for the 4 precedding quarters. If the payments are not made when due and owing, the delinquency shall render the entity ineligible for any land credits.

In the event that quarterly payments are not received, the amount unpaid shall be charged interest in accordance with interst rates charged on unpaid tax balances.

In addition the entity shall pay an administrative fee equal to 1% of the prior year's Annual Service Charge. This charge is due in full on 2/1.

Minimum Annual Service Charge:	43,125.25	
Estimated 2012 PILOT Amount:		
B71, L1.01		
2011 Gross Revenue per Auditor's Letter Dated 05/09/12:		278,659.00
15% of Revenue		41,798.85
Minimum Annual Service Charge		43,125.25
1% Administrative Fee		431.25
		43,556.50
Less: 2012 Land Payments Made		(14,056.00)
2012 Amount Due*		**29,500.50**

* - This amount may be adjusted after the 2012 balances are audited and submitted to the Borough.

12/6/2012