FORM OF
AGREEMENT FOR PAYMENT IN LIEU OF TAXES
(Revised April 2006)

THIS AGREEMENT, made this 20 day of June, 2007, between **The South Amboy Renaissance Corporation**, a non-profit corporation of the State of New Jersey, having its principal office at **250 South Broadway, South Amboy, N.J. 08879**, (hereinafter the "Sponsor") and the **City of South Amboy**, a municipal corporation in the County of Middlesex, State of New Jersey, having is principal office at **140 North Broadway, South Amboy, N.J. 08879**, (hereinafter the "City").

WITNESSETH

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

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 *et seq.*), (hereinafter "HMFA Law") and a Resolution of the Council of the City dated June 20, 2007, (the "Resolution") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 44:14K-37.

2. The Project is or will be situated on that parcel of land designated as Block 25, Lot 1.02, as shown on the Official Assessment Map of the City of South Amboy and more commonly referred to as Gordon Street, New Jersey.

3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the City as provided hereinafter. The exemption of the Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall not extend beyond the date on which the Agency Mortgage is paid in full, which, according to the HMFA Law, may not exceed fifty (50) years.

4.(a) For projects receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the City of an annual service charge in lieu of taxes in such amount as follows:

1) From the date of the execution of the Agency Mortgage until the date of substantial completion of the Project, the Sponsor shall make payment to the City in an amount equal to "0" (pursuant to the HMFA Law, the annual amount may not exceed the amount of taxes due on the property for the year preceding the recording of the Agency Mortgage). As used herein, "Substantial Completion" means the date upon which the City issues the Certificate of Occupancy for all units in the Project.

2) From the date of Substantial Completion of the Project and for the remaining term of the NJHMFA Mortgage, the Sponsor shall make payment to the City in an amount equal to two and one half percent (2 ½%) of Project Revenues.

4.(b) For Projects receiving permanent financing only from the Agency, the Sponsor shall make payment to the City in an amount equal to two and one-half percent (2 ½%) of Project Revenues from the date of the Agency Mortgage and for the remaining term of the Agency Mortgage.

4.(c) As used herein, "Project Revenues" means the total annual gross rental or carrying charge or other income of the Sponsor from the Project less the costs of utilities furnished by the Project, which shall include the costs of gas, electricity, heating fuel, water supplied, and sewage charges, and less vacancies, if any. Project Revenues shall not include any rental subsidy contributions received from any Federal or State program.

4.(d) The amount of payment in lieu of taxes to be paid pursuant to paragraphs (a) or (b) and (c) above is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the City, as set forth in Exhibit "A", and as part of the Sponsor's application for an Agreement for Payments in Lieu of Taxes, are estimates, only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5.(a) Payments by the Sponsor shall be made on a quareterly basis in accordance with bills issued by the Tax Collector of the City in the same manner and on the same dates as real estate taxes are paid to the City and shall be based upon Project Revenues of the previous quarter. No later than three (3) months following the end of the first fiscal year of operation after (i) the date of Substantial Completion (for projects receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for projects receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the City a certified, audited financial statement of the operation of the Project (the "Audit"), setting forth the Project Revenues and the total payments in lieu of taxes due to the City calculated at two and one-half percent (2 ½%) of Project Revenues as set forth in the Audit (The "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any, between (i) the Audit Amount and (ii) payments made by the Sponsor to the City for the preceding fiscal year. The City may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the City shall credit the amount of such excess to the account of the Sponsor.

5(b) All payments pursuant to this Agreement shall be in lieu of taxes and the City shall have all the rights and remedies of tax enforcement granted to municipalities by law just as if said payments constituted regular tax obligations on real property in the City. If, however, the City disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division, for an accounting of the service charge due the City, in accordance with this Agreement and HMFA Law. Any such action must be commenced within one year of the receipt of the Audit by the City.

5(c) In the event of any delinquency in the aforesaid payments, the City shall give notice to the Sponsor and NJHMFA in the manner set forth in ((a) below, prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as the successor entity qualifies under the HMFA Law or any other State law applicable at the time of the assignment of this Agreement and is obligated under the Agency Mortgage.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any other applicable State law, the Project shall be taxed as omitted property in accordance with the law.

8. The Sponsor, its successors and assigns, shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers by representatives duly authorized by the City. Any such inspection, examination or audit shall be made during reasonable hours of the business day, in the presence of an officer or agent of the Sponsor or its successors and assigns.

9. Any notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the City to the Sponsor, it shall be addressed to **The South Amboy Renaissance Corporation, 250 South Broadway South Amboy, New Jersey 08879**, or to such other address as the Sponsor may hereafter designate in writing and a copy of said notice or communication by the City to the Sponsor shall b sent by the City to the **New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.**

(b) When sent by the Sponsor to the City, it shall be addressed to the **City of South Amboy, 140 North Broadway, South Amboy, New Jersey 08879**, or to such other address as the City may designate in writing; and a copy of said notice or communication by the Sponsor to the City shall be sent by the Sponsor to the **New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.**

10. In the event of a breach of this 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, Chancery Division, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the HMFA Law.

11. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each party hereto.

The South Amboy Renaissance Corporation

Attest:

Jamie L. Kane

JAMIE LYNN KANE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May. 26, 2010

By: Leo McCabe Pres. Ren. Corp.

City of South Amboy

Attest:

John R. Lanza
Attorney at Law of NJ

By: