

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT, made this 3rd day of October, 2023, between the **TOWNSHIP OF HAINESPORT**, a municipal corporation of the County of Burlington and State of New Jersey having its principal offices located at 1401 Marne Hwy, Hainesport, NJ 08036, (hereinafter the "Municipality") and **HAINESPORT FAMILY APARTMENTS LLC**, a limited liability company of the State of New Jersey, having its principal office at 21 E. Euclid Avenue, Suite 200, Haddonfield, New Jersey, 08033 (hereinafter referred to as the "Sponsor"), and

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.15:14K 1 et. seq.) (hereinafter "HMFA Law") and a Resolution of the Governing Body of the Township of Hainesport dated October 3, 2023 (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. 15:14K-37.
2. The Development, as more particularly described in the Resolution and below, is or will be situated on that parcel of land, consisting of approximately 9.56 acres, located along Creek Road and currently designated as Lot 1.06, Block 104 on the Official Tax Map of Hainesport, New Jersey.
3. As of the date the Sponsor executes a mortgage upon the Development in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Development shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Municipality as provided hereinafter. The exemption of the Development 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 Developments receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the Municipality of an annual service charge in lieu of taxes in such amounts as follows:
 - (1) From the date of the execution of the Agency Mortgage until the date of substantial completion of the Development, the Sponsor shall make payment to the Municipality in an amount equal to the amount of taxes that would otherwise be due for the property. "Substantial Completion" means the date upon which the Municipality issues the Certificate of Occupancy or Temporary Certificate of Occupancy for the Development.

- (2) From the date of Substantial Completion of the Development and for the remaining term of the NJHMFA Mortgage, the Sponsor shall make payment to the Municipality in an amount equal to 6.28 percent of Development Revenues. The term "Development" means the 72 multi-family income restricted rental apartment units on the property described above in accordance with the HMFA Law.
- (b) For Developments receiving permanent financing only from the Agency, the Sponsor shall make payment to the Municipality in an amount equal to 6.28 percent of Development Revenues, from the date of the Agency Mortgage and for the remaining term of the Agency Mortgage.
- (c) As used herein, "Development Revenues" means the total annual gross rental or carrying charge or other income of the Sponsor from the Development less the costs of utilities furnished by the Development, which shall include the costs of gas, electricity, heating fuel, water supplied, and sewage charges, and less vacancies if any. Development Revenues shall not include any rental subsidy contributions received from any federal or state program.
- (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 Municipality 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 quarterly basis in accordance with bills issued by the Tax Collector of the Municipality in the same manner and on the same dates as real estate taxes are paid to the Municipality and shall be based upon Development 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 Developments receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for Developments receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall, at its cost and expense, submit to the Municipality a certified, audited financial statement of the operation of the Development (the "Audit"), setting forth the Development Revenues and the total payments in lieu of taxes due to the Municipality calculated at 6.28 percent of Development 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 Municipality for the preceding fiscal year. The Municipality 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 Municipality shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the municipality shall have all the rights and remedies of tax enforcement granted to the Municipalities

by law just as if said payments constituted regular tax obligations on real property within the Municipality. If, however, the Municipality 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 Municipality, 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 Municipality.

(c) In the event of any delinquency in the aforesaid payments, the Municipality shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(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 Development 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 Development 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 assumes the Agency Mortgage. Notwithstanding the foregoing or anything contained herein to the contrary, so long as the Project remains subject to affordability controls under the Uniform Housing Affordability Controls promulgated by the Agency or the Low Income Housing Tax Credit program pursuant to section 42 of the Internal Revenue Code (26 U.S.C. s. 42), the Municipality shall agree to provide a tax exemption for the Project (or phase thereof) for such a term as the affordability controls shall extend and on such similar terms and conditions as are applicable at that time for similarly situated affordable housing properties.

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 Development 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 Development and also documents and papers associated with the calculations of the sums due under this Agreement by representatives duly authorized by the Municipality. 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 Municipality to the Sponsor, it shall be addressed **HAINESPORT FAMILY APARTMENTS LLC**, 21 E. Euclid Avenue, Suite 200, Haddonfield, New Jersey 08033 or to such other address as the Sponsor may hereafter designate in writing; and a copy of said notice or communication by the Municipality to the Sponsor shall be sent by the

Municipality to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, PO Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Municipality, it shall be addressed to the Township of Hainesport, Township Administrator, 1401 Marne Hwy, Hainesport, NJ 08036, or to such other address as the Municipality may designate in writing; and a copy of said notice or communication by the Sponsor to the Municipality shall be sent by the Sponsor to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, PO 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, 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.

IN WITNESS WHEREOF, they have executed this Agreement.

HAINESPORT FAMILY
APARTMENTS LLC

By: Hainesport Family MM LLC

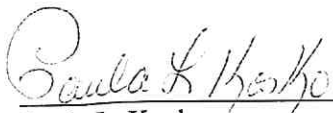
By: _____

Joseph A. Del Duca
Authorized Member



Witness

ATTEST:



Paula L. Kosko
Township Administrator
(SEAL)

TOWNSHIP OF HAINESPORT

By: _____

Gerard A. Clauss, Mayor

Exhibit A

Calculation of Annual Service Charge

**Based on 2023 rent levels*

Gross Rents	\$909,888
Less Vacancy	(63,692)
Less Utilities	(66,000)
Other Income	10,000
Development Revenues	<u>\$ 790,196</u>
x PILOT Rate	<u>x 6.28%</u>
Annual Amount of Payment in Lieu of Taxes	<u>\$ 49,624</u>