

FINANCIAL AGREEMENT

By and Between

THE TOWNSHIP OF HANOVER

and

RIVER PARK RESIDENTIAL ONE URBAN RENEWAL, LLC

Dated: July 29, 2021

THIS FINANCIAL AGREEMENT, (the “Agreement” or “Financial Agreement”) made this 29th day of July, 2021, by and between **River Park Residential One Urban Renewal, LLC** (“Entity”), an urban renewal entity qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (the “Law”), having its principal office 47 Parsippany Road, Whippany, New Jersey 07981, and the **Township of Hanover**, a public body politic of the County of Morris, State of New Jersey, acting as redevelopment entity pursuant to N.J.S.A. 40A:12A-1 et seq., having its principal office at 1000 Route 10, P.O. Box 250, Whippany, New Jersey 07981 (the “Township”). The Township and Entity are sometimes hereinafter referred to jointly as the “Parties”.

RECITALS

WITNESSETH:

1. WHEREAS, the Entity is the assignee of, River Park Business Center, LLC, and also the designated Redeveloper of a designated redevelopment area within the Township (“Redevelopment Area”), duly designated by Resolution No. 170-2019, for which the Township adopted a non-condemnation “Amended and Restate Redevelopment Plan, Block 3801-2, Block 4101-1, and Block 4301-6” dated September 9, 2020, adopted pursuant to Ordinance No. 27-2020, (“Redevelopment Plan”); and

2. WHEREAS, this Agreement applies only to the residential components of the Redevelopment Plan; and

3. WHEREAS, the Entity may assign this Agreement, or portions thereof, and may convey title to non-residential aspects of the Project (as defined herein); and

4. WHEREAS, the Redeveloper entered into a Redevelopment Agreement between it and the Township dated July 29, 2021 as may be further amended (the “Redevelopment Agreement” a copy of which is attached hereto) to provide for a phased redevelopment project within the Redevelopment Area, consisting of a multi-family inclusionary residential development, office buildings, a commercial “town center” component, and an extended stay hotel (collectively, the “Project”), which Project is consistent with the Redevelopment Plan; and

5. WHEREAS, the first phase of the Project shall consist of the construction of a three-story, 81-unit multi-family residential apartment building over one floor of parking with associated amenities consisting of 42 one-bedroom market units, 33 two-bedroom units including seven Affordable units, and six Affordable three-bedroom units on Block 3801, Lot 2.03 (being a portion of former Block 3801, Lot 2) containing approximately 6.7393 acres (“Phase I”); and

6. **WHEREAS**, the second phase of the Project may consist of certain infrastructure work and, at the Entity’s option, construction of a 1,900 square foot retail structure located on portions of former Block 3801, Lot 2 and on Block 4301, Lot 6 (collectively, “Phase II”); and

7. **WHEREAS**, the third phase of the Project may consist of the construction of a retail building, which may contain a roof-top terrace, the construction of a four-story residential apartment building over two floors of parking with ground floor retail in accordance with the Redevelopment Agreement, and a four-story residential building over two floors of parking with ground floor retail and five-story extended stay hotel with ground floor retail all located on a portion of former Block 3801, Lot 2 (collectively, “Phase III”); and

8. **WHEREAS**, the fourth phase of the Project may consist of the construction of a four-story residential building over two floors of parking and ground floor retail and a five-story extended stay hotel with ground floor retail, and a four-story residential building over two floors of parking with ground floor retail, in accordance with the Redevelopment Agreement all located on a portion of former Block 3801, Lot 2 (collectively, “Phase IV”); and

9. **WHEREAS**, the fifth phase of the Project may consist of the construction of a four-story residential building over two floors of parking in accordance with the Redevelopment Agreement, the construction of a four-story residential building over two floors of parking in accordance with the Redevelopment Agreement located on a portion of former Block 3801, Lot 2, and the construction of a one-story special needs residential building in accordance with the Redevelopment Agreement located on a portion of Block 4101, Lot 1 (collectively, “Phase V”); and

10. **WHEREAS**, the sixth phase of the Project may, at the Entity’s option, consist of up to 500 residential units and up to approximately 25,000 square feet of office space all located on a portion of former Block 3801, Lot 2; and

11. **WHEREAS**, the Entity has been formed with the intention that the Entity acquire, own and redevelop the Project, subject to the Entity’s rights to assign portions of the Project as set forth herein; and

12. **WHEREAS**, on or about August 17, 2018, the Legislature amended the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq., by enacting P.L. 2018, c. 97, which, in relevant part, extended the duration of tax exemptions to fifty years (50) for projects undertaken pursuant to a redevelopment agreement which permits a redeveloper to undertake a project in phases, thereby permitting a redeveloper and a municipality to schedule projects in phases and

protect against the shortening of the permissible thirty (30) year duration of a tax exemption for the later phase of the project; and

13. WHEREAS, the Entity filed an Application for a Financial Agreement with the Township, a copy of which is attached hereto as **Exhibit B** (the “Application”), in accordance with N.J.S.A. 40A:20-8, pursuant to the Law and this Financial Agreement between the Entity and the Township, seeking approval of this Financial Agreement providing for a phased exemption from municipal taxation for the Project and for payment in lieu of taxes of an Annual Service Charge for the residential components of the Project and each Phase thereof, for a first period of thirty (30) years commencing from the date of Substantial Completion of Phase I (for the residential Improvements in Phase I), as that term is defined herein, with a second period of thirty (30) years commencing from the date of Substantial Completion of Phase II (for the residential Improvements in Phase II), as that term is defined herein, with a third period of thirty (30) years commencing from the date of Substantial Completion of Phase III (for the residential Improvements in Phase III), as that term is defined herein, with a fourth period of thirty (30) years commencing from the date of Substantial Completion of Phase IV (for the residential Improvements in Phase IV), as that term is defined herein, with a fifth period of thirty (30) years commencing from the date of Substantial Completion of Phase V (for the residential Improvements in Phase V), as that term is defined herein, with a sixth period of thirty (30) years commencing from the date of Substantial Completion of Phase VI (for the residential Improvements in Phase VI), as that term is defined herein, with the cumulative municipal tax exemption period for all Phases not to exceed fifty (50) total years from date of the execution of this Agreement; and

14. WHEREAS, the Application is in furtherance of Section 5.03 of the Redevelopment Agreement and by the Ordinance authorizing the execution of this Financial Agreement, a copy of which is attached hereto as **Exhibit C** (“Ordinance”); and

15. WHEREAS, the Township has made the following findings:

1. That the Project will facilitate the revitalization and productive reuse of land currently in a blighted, stagnant, unproductive and fallow condition;
2. That the Project will result in substantial benefit to the community by alleviating existing blight conditions of the Redevelopment Area and providing instead a range of housing opportunities within the Township;
3. That in addition to the inherent community benefits derived from the Redevelopment Project, the Project will include public components, as set forth in the Redevelopment Agreement, as amended.

4. That consistent with the Redevelopment Plan, the Project will contribute to the economic growth of the Township in general and specifically the Redevelopment Area;
5. That the aforesaid benefits of the Redevelopment Project exceed the cost, if any, associated with granting the tax exemption provided by this Agreement.
6. That the Township is contractually obligated under the terms of that certain First Amended Restated Settlement Agreement dated May 15, 2020 between the Township and River Park Business Center, LLC, successor in interest to the Entity, regarding the Project in fulfillment of the Township's affordable housing obligations.

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 1

GENERAL PROVISIONS

1.1 Governing Law

The provisions of the laws of the State of New Jersey, the Law, the Redevelopment Agreement, and the Ordinance approving this Agreement shall govern this Agreement. It is expressly understood and agreed that the Township expressly relies upon the facts, data, and presentations contained in the Application, including Exhibits, all of which are incorporated herein by reference, in granting this tax exemption.

1.2 Duration

This Agreement shall remain in full force and effect for fifty (50) years from the full execution hereof. However, it is also understood and agreed that each Phase of the Project shall have a duration of the lesser of thirty-five (35) years from the date this Agreement is fully executed by the Parties or thirty (30) years from the date the Substantial Completion of the applicable Phase of the Project. The term of this Agreement, both with respect to the term of 50 years, and/or with respect to the term of any Phase of the Project shall be automatically extended if the New Jersey Long Term Tax Exemption Law at N.J.S.A. 40A:18-1 et seq. is amended to provide for such extensions.

1.3 General Definitions

Unless specifically provided otherwise, when used in this Agreement, the following terms, when capitalized, shall have the meanings set forth below:

(a) Allowable Net Profit - The amount arrived at by applying the Allowable Profit Rate and the Net Profit, as those terms are hereinafter defined.

(b) Allowable Profit Rate - The greater of twelve percent (12%) or the percentage per annum arrived at by adding 1¼% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, the allowable profit rate shall be the greater of 12% or the percentage per annum arrived at by adding 1¼% per annum to the interest rate per annum which the Township determines to be the prevailing rate on mortgage financing on comparable improvements in Morris County, all in accordance with N.J.S.A. 40A:20-3(b).

(c) Annual Administrative Fee – Shall be as defined in Section 4.5.

(d) Annual Service Charge - The amount the Entity has agreed to pay pursuant Section 4.2 of this Agreement, which shall be prorated in the year in which the Annual Service Charge begins and the year in which the Annual Service Charge terminates.

(e) Annual Service Charge Start Date - Shall be as defined in Section 4.2(b).

(f) Application - the application that the Entity filed with the Township in accordance with N.J.S.A. 40A:20-8 of the Law, seeking approval of an urban renewal project pursuant to the Law, the Redevelopment Agreement and this Financial Agreement, a copy of which Application is attached hereto as **Exhibit B**.

(g) Auditor's Report - A complete, certified, audited financial statement outlining the financial status of the Entity as it relates to the Project and reporting the Annual Gross Revenue, Net Profit and Total Project Cost as defined herein, the contents of which have been prepared in a manner consistent with the current standards of the Financial Accounting Standards Board and which fully details all financial items required to

determine that the Entity is complying with the Law and this Agreement and which has been certified as to its conformance with the current standards of the Financial Accounting Standards Board by a certified public accountant, who is licensed to practice that profession in the State of New Jersey.

(h) Certificate of Occupancy - The document, whether temporary or permanent, issued by the Township pursuant to N.J.S.A. 52:27D-133 authorizing occupancy of a building, in whole or in part.

(i) Default - The failure of the Entity or Township to perform any obligation imposed by the terms of this Agreement or by the Law, beyond any applicable grace or cure periods. If no grace or cure period is provided, then a reasonable time period shall be applied.

(j) DCA - The New Jersey State Department of Community Affairs, to which the Entity shall report in accordance with the Law.

(k) Entity - The owner and redeveloper of the Project, and all subsequent purchasers or successors in interest of the Project, provided they are organized pursuant to the Law and transfer of the Project to said subsequent purchasers or successors has been approved, in writing, by the Township, in accordance with the terms of this Financial Agreement, the Redevelopment Agreement and the Law.

(l) Improvements - The structural components of the Project described in the recitals hereof and as further described in and permitted by the Redevelopment Agreement, as may be amended.

(m) Gross Revenue – Annual gross revenue or gross shelter rents, as appropriate, and other income, for the Entity, in accordance with N.J.S.A. 40A:20-3(a).

(n) In Rem Tax Foreclosure - A summary proceeding by which the Township may enforce the lien for taxes due and owing by a tax sale, under N.J.S.A. 54:5-1 et seq.

(o) Land - The Property at which the Improvements are to be located as more fully described herein, at **Exhibit A** and in the Redevelopment Agreement.

(p) Land Taxes - The amount of conventional real estate taxes assessed on Land constituting such Property during the term of this Agreement.

(q) Land Tax Payments - Payments made on the quarterly due dates for Land Taxes on the Property as determined by the Tax Assessor and the Tax Collector.

(r) Law - “The Long Term Tax Exemption Law,” N.J.S.A. 40A:20-1 et seq., as amended.

(s) Minimum Annual Service Charge – For the period commencing with the acquisition of the Project, or Phase of the Project, by the Entity and ending with Substantial Completion for each Phase, pursuant to N.J.S.A. 40A:20-12, the Parties agree that the Minimum Annual Service Charge shall be equal to the amount of total taxes levied against all real property within the respective Phase of the Project in the last full tax year immediately prior to the date of this Agreement. And thereafter, the Minimum Annual Service Charge shall be paid each year after Substantial Completion of the applicable Phase of the Project in which the Annual Service Charge, calculated pursuant to this Agreement and N.J.S.A. 40A:20-12, would be less than the Minimum Annual Service Charge. The Minimum Annual Service Charge shall be prorated in the year in which the Annual Service Charge begins and the year in which the Annual Service Charge terminates.

(t) Non-residential Components and Phases. For the avoidance of doubt, for any Phase of the Project that contains a residential component and a commercial component, the commercial component shall not be subject to this Agreement including, without limitation, the Minimum Annual Service Charge; Any Phase of the Project that does not contain a residential component shall not be subject to this Agreement including, without limitation, the Minimum Annual Service Charge. The one-story special needs residential building contemplated in Phase V of the Project is not considered a residential component and is therefore not subject to this Agreement.

(u) 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 the Total Project Cost over the life of the Project, which period the parties agree is thirty (30) years, pursuant to the Law.

(v) Ordinance – Ordinance [redacted] adopted by the Township on [redacted] and attached hereto as **Exhibit C** and made a part hereof, approving the application of the Entity and this Financial Agreement.

(w) Phase I – “Phase I” of the Project shall be defined as set forth in the Whereas clauses to this Financial Agreement.

(x) Phase II – “Phase II” of the Project shall be defined as set forth in the Whereas clauses in this Financial Agreement.

(y) Phase III – “Phase III” of the Project shall be defined as set forth in the Whereas clauses to this Financial Agreement.

(z) Phase IV – “Phase IV” of the Project shall be defined as set forth in the Whereas clauses to this Financial Agreement.

(aa) Phase V – “Phase V” of the Project shall be defined as set forth in the Whereas clauses to this Financial Agreement.

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

(cc) Project - The “Project” (as that term is defined in the Redevelopment Agreement), as described hereinabove, for which the Entity seeks a tax abatement and payment in lieu of taxes, as set forth herein.

(dd) Substantial Completion – The determination by the Township construction official that the Project, or applicable Phase thereof, has been constructed in accordance with this Agreement and is ready for the use intended, which shall mean the date on which the Project, or applicable Phase thereof, receives a Certificate of Occupancy for any portion of the Project, or applicable Phase thereof. The Annual Service Charge for each Phase shall commence as of the date of Substantial Completion of each respective Phase.

(ee) Termination - Any act or omission which by operation of the terms of this Agreement shall cause the Entity to relinquish its Long Term Tax Exemption in accordance with N.J.S.A. 40A:20-9(g). Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Township. After termination or expiration, restrictions and limits on the Entity shall terminate upon the Entity’s rendering a final accounting to and with the Entity pursuant to N.J.S.A. 40A:20-12.

(ff) Total Project Cost or Total Project Unit Cost - The Entity's good faith estimate of the total cost of constructing the Project through the date of issuance of a Certificate of Occupancy for the entire completed Project, as more specifically defined in N.J.S.A. 40A:20-3h, consisting of, and limited to, the categories of costs set forth in **Exhibit D** annexed, subject to those exclusions from Total Project Cost set forth in **Exhibit D**, which estimated calculations and exclusions have been approved by the Township and the Entity.

1.4 **Incorporation of Recitals**

The Recitals set forth at the beginning of this Agreement are hereby incorporated into this Agreement by reference and made a part of this Agreement as if set forth at length herein.

1.5 **Exhibits and Schedules Incorporated**

All Exhibits referred to in this Agreement and are attached hereto are incorporated herein and made a part hereof.

ARTICLE 2

APPROVAL OF AGREEMENT, USE, OPERATION, MANAGEMENT AND FINANCIAL PLAN OF PROJECT

2.1 **Approval of Agreement**

The Township hereby grants its approval of this Agreement for the Project that is to be constructed and maintained in accordance with the terms and conditions set forth herein and the provisions of the Law. The Project shall be constructed on the Property.

2.2 **Approval of the Entity**

Approval hereunder is granted to the Entity for the Project, which Entity shall in all respects comply and conform to all applicable statutes of the State of New Jersey and lawful regulations made pursuant thereto, governing land, buildings and the use thereof.

2.3 **Use, Operation and Management of Project**

The Entity covenants and represents pursuant to N.J.S.A. 40A:20-9 that it shall cause the Project to be constructed, and shall manage and operate the Property by leasing the individual

residential units of the Project. The Improvements shall be those authorized by the Redevelopment Agreement, implemented in accordance with all permits and approvals and pursuant to the schedule agreed upon by the Township and the Entity.

2.4

Covenants

(a) The Entity agrees to utilize the Township's administrative agent for affordable housing compliance at the Entity's sole cost and expense. If, for whatever reason, the Entity does not desire to utilize the Township's administrative agent as aforesaid, then it may engage a separate administrative agent, subject to the Township's approval, which shall not be unreasonably withheld, conditioned, or delayed.

(b) The Entity agrees that it will maintain its own roads and other common areas and will not seek any reimbursement from the Township for the same. The foregoing will be more fully set forth in the Declaration of Covenants, which must be approved by the Township attorney and filed with the Morris County Clerk's Office as a condition precedent to the Township's issuance of a Certificate of Completion.

(c) Prior to the Township's issuance of a Certificate of Completion for any phase after Phase I, the Entity shall have stabilized the embankment, to the reasonable satisfaction of the Township's Engineer, on land which is part of Lot 6 in Block 4301, which Lot abuts the Oak Ridge Condominium development.

(d) To the extent permitted by law, the Entity shall provide a housing preference for veterans in the affordable housing component of the Project.

(e) The Entity shall make a contribution to the Township's Fire Department in the amount of Fifty Thousand and 00/100 Dollars (\$50,000.00), payable in two installments of \$25,000.00 prior to the issuance of a Certificate of Occupancy for Phase I, and Phase II as applicable.

2.5

Financial Plan

(a) The method for computing gross revenue for the Entity, the method of determining insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, the plans for financing the Project, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on the construction financing, the source and amount of paid-in capital, the terms of mortgage amortization or payment of principal on any mortgage, a good faith projection of initial sales prices of any condominium units and expenses to be incurred in promoting and consummating such sales, and the rental schedules and lease terms to be used in the Project are set forth in **Exhibit D** to the Application.

(b) The Entity's good-faith estimate of the Total Project Cost is set forth in **Exhibit D** attached hereto.

ARTICLE 3

DURATION OF AGREEMENT

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 lesser of thirty (30) years from the date of the Substantial Completion of each Phase of the Project, with the thirty (30) year period running separately and consecutively with respect to each Phase, or fifty (50) total years from the date of execution of this Agreement. This Agreement shall continue in force only while the Project is owned by an urban renewal entity formed and operating pursuant to the Law. This Agreement shall be fully performed by the parties hereto within thirty (30) years from Substantial Completion of each Phase of the Project, and in no event more than fifty (50) years from the date of execution of the Financial Agreement, pursuant to Law.

ARTICLE 4

EXEMPTION AND ANNUAL SERVICE CHARGE

4.1 Exemption

The Township agrees that the residential components of the Project (but not the Land or any commercial components of the Project) shall be exempt from real property taxation, as provided in the Law, from the date of Substantial Completion of each Phase to and through the date that is consistent with Section 3.1 above.

4.2 Annual Service Charge

(a) In consideration of the Township granting the Entity the exemption set forth in Section 4.1 of this Agreement, the Entity shall make payment to the Township for municipal services, as provided in the Law, by payment to the Township of the Annual Service Charge pursuant to the schedule set forth in Section 4.2(d) below. Notwithstanding the above, N.J.S.A. 40A:20-12 requires that the Minimum Annual Service Charge shall be the amount of total taxes levied against all real property in the area covered by the Project in the last full tax year in which that area was subject to taxation, and the Minimum Annual Service Charge shall be paid in each year in which the other provisions of this Financial Agreement would result in less than the Minimum Annual Service Charge being paid. The Minimum Annual Service Charge shall be determined in accordance with Section 1.2(q) of

this Agreement. For the avoidance of doubt, any Phase of the Project that does not contain a residential component shall not be subject to this Agreement including, without limitation, the Annual Service Charge and the Minimum Annual Service Charge.

(b) The Annual Service Charge shall first begin to accrue on the first (1st) day of the calendar quarter immediately following Substantial Completion (“Annual Service Charge Start Date”) of each Phase of the Project. Prior to the Annual Service Charge Start Date, the Minimum Annual Service Charge shall be determined in accordance with Section 1.2(q) of this Agreement. In the event the Entity fails to timely 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, and the Township shall have the same rights and remedies to collect such charges as provided by law for collection of general municipal taxes.

(c) The Annual Service Charge shall not be in lieu of water, sewer charges, connection fees or other special assessments imposed in accordance with applicable law.

(d) The Annual Service Charge Amount payable by the Entity for each applicable Phase of the Project, commencing on the applicable Annual Service Charge Start Date, shall, in accordance with N.J.S.A. 40A:20-12(b), be as follows:

- Stage One (years 1-15): Commencing on the ASC Commencement Date of the PILOT Project and for each of the fifteen (15) years thereafter, the Annual Service Charge shall be ten percent (10%) of Annual Gross Revenue;
- Stage Two (years 16-21): The Annual Service Charge shall be ten percent (10%) of Annual Gross Revenue, or twenty (20%) per cent of the amount of taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- Stage Three (years 22-27): The Annual Service Charge shall be ten percent (10%) of Annual Gross Revenue, or forty (40%) per cent of the amount of taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- Stage Four (year 28-29): The Annual Service Charge shall be ten percent (10%) of Annual Gross Revenue, or sixty (60%) per cent of the amount of taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- Stage Five (year 30): The Annual Service Charge shall be ten percent (10%) of Annual Gross Revenue, or eighty (80%) per cent of the amount of taxes otherwise due on the value of the Land and Improvements, whichever is greater.

4.3

Quarterly Installments

The Entity expressly agrees that the Annual Service Charge shall be billed in quarterly installments on those dates when real estate tax payments are due, *i.e.*, February 1, May 1, August 1, and November 1; subject nevertheless to adjustment for over or underpayment within thirty (30) days after close of each fiscal or calendar year, as the case may be.

4.4 **Land Tax Credit**

The Entity shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the real estate taxes on land paid by the Entity in the four (4) preceding months.

4.5 **Administrative Fee**

In addition to the Annual Service Charge, pursuant to N.J.S.A. 40A:20-9, the Township shall charge the Entity and the Entity shall pay an annual administrative fee (the "Annual Administrative Fee") in an amount equal to two percent (2.0%) of the Annual Service Charge. The Annual Administrative Fee shall be due on or before November 1 in each year following the Annual Service Charge Start Date.

ARTICLE 5

ANNUAL REPORTS

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 ("GAAP") and pursuant to the Law.

5.2 **Periodic Reports**

5.2.1 Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Township an audit of Total Project Costs, substantially in the form attached hereto as **Exhibit E**, certified as to actual construction costs by the Entity's architect.

5.2.2 Auditor's Report: Annually, within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis during the period that this Agreement shall continue in effect, the Entity shall submit to the Township and the New Jersey Division of Local Government Services within the DCA, its Auditor's Report for the preceding fiscal or calendar year in accordance with N.J.S.A. 40A:20-9(d).

5.2.3 Disclosure Statement: Within thirty (30) days of each anniversary date of the parties' execution of this Agreement, if there has been a change in any person or entity owning more than 10% of the Entity, the Entity shall submit to the Mayor and Township Committee a Disclosure Statement listing all persons and other entities having a 10% of greater ownership interest in the Project ("Interest Holders"), and the extent of the ownership interest held by each.

5.2.4 Termination of Obligations: The Entity's obligations under this Section 5.2 shall terminate at the end of the applicable tax exemption period, or upon earlier termination, if any, of this Agreement. Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Township. After termination or expiration, restrictions and limits on the Entity shall terminate, upon the Entity's rendering a final accounting to and with the Township pursuant to N.J.S.A. 40A:20-12.

5.3 **Inspection**

The Entity shall, upon reasonable request, permit the inspection of its property, equipment, buildings and other facilities of the Entity and shall also permit, upon reasonable request, examination and audit of its books, contracts, records, documents and papers by duly authorized representatives of the Township and the State of New Jersey. Such examination or audit shall be made upon no less than seven (7) days written notice during regular business hours, in the presence of an officer or agent designated by the Entity. To the extent reasonably possible, the examination, inspection or audit will not materially interfere with the construction or operation of the Project.

ARTICLE 6

LIMITATION OF PROFITS AND RESERVES

6.1 **Limitation of Profits and Reserves**

During the period of the Agreement as provided herein, the Entity shall be subject to a limitation of its profits and, in the case of a corporation, the dividends payable by it, pursuant to the provisions of N.J.S.A. 40A: 20-15. The calculation of the Entity's Excess Net Profits shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in this Financial Agreement, as provided for in the Law, even though those costs may have been deducted from the Total Project Cost for the purpose of calculating the Annual Service Charge.

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 in accordance with N.J.S.A. 40A:20-15, the Entity, within ninety (90) days after the end of such fiscal year, shall pay such excess Net Profits to the Township as an additional Annual Service Charge. Gross Revenue and Net Profit for the purposes hereof shall be determined pursuant to N.J.S.A. 40A:20-3 a. and c. in the following manner. For each year during the term of this Agreement, the Entity's (1) Gross Revenue shall be the total amount of annual gross rents the Entity actually collects from the Property during each such year and (2) Net Profits shall be (i) the Gross Revenue of the Entity less (ii) all operating and non-operating expenses of the Entity determined in accordance with generally accepted accounting principles, including without limitation those items required by N.J.S.A. 40A:20-3 c. (1) and (2).

6.3

Payment of Reserve/Excess Net Profit

Upon Termination, Expiration or Sale

The date of the termination of this Agreement, expiration of this Agreement or the sale of the Project shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the Township the amount of the reserves, if any, maintained by it pursuant to this Section and the excess Net Profit, if any. Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Township. After termination or expiration, restrictions and limits on the Entity shall terminate upon the Entity's rendering a final accounting to and with the Entity pursuant to N.J.S.A. 40A:20-12.

ARTICLE 7

ASSIGNMENT AND/OR ASSUMPTION

7.1

Approval

7.1.1 It is understood by the Parties that the Entity may, without approval from the Township, assign this Agreement, or portions thereof, to an affiliate or affiliates of the Entity such that multiple entities in subsequent Phases of the Project could be bound by this Agreement, as amended by such assignment(s), at the same time. As an example, for purposes of illustration only, the Entity may assign its rights under this Agreement to an affiliate with regard to Phases III and IV of the Project. In such event, the Township and such assignee would be bound by the assignment of this Agreement.

Notwithstanding the foregoing, in the event the Entity assigns any portion of this Agreement to an affiliate or affiliates as aforesaid, the Entity shall provide notice of same to the Township and a copy of entity formation documents reasonably satisfactory to the Township for each such assignee.

7.1.2 It is understood and agreed that the Township, on written application by the Entity for approval of an assignment to an entity that is not an affiliate of the Entity, shall not unreasonably withhold its written consent to such non-affiliate transfer of the Project authorized by the Law, or any interest therein, and the assignment of all of the Entity's right, title and interest in and to this Agreement, to a non-affiliate entity that is otherwise eligible to operate under the Law, owning no other "project," as this term is defined in the Law, provided the Entity is not in Default regarding any performance required of it hereunder, full compliance with the Law has occurred, and the Entity's obligations to the Township in the proposed assignment are fully assumed by the assignee.

ARTICLE 8

COMPLIANCE

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law.

ARTICLE 9

DISPUTE/DEFAULT

9.1 Dispute

In the event of a breach of this Agreement by any of the Parties or a dispute arising between the Parties in reference to the terms and provisions as set forth herein, then either Party may apply to the Superior Court of New Jersey, Morris County by an appropriate proceeding, to settle and resolve such dispute in such fashion as will tend to accomplish the purposes of this Agreement under applicable law.

9.2 Default

Default shall be failure of the Entity or Township to conform to the terms of this Agreement beyond the notice, cure and grace periods set forth in Section 9.3 below.

9.3 Cure Upon Default

Should a party be in Default, the non-defaulting party shall send written notice to the defaulting party of the Default (the “Default Notice”). The Default Notice shall set forth with particularity the basis of the Default. The defaulting party or a party acting on its behalf shall have fifteen (15) days from receipt of the Default Notice (the “Cure Period”), to cure any monetary Default and a sixty (60) day Cure Period to cure any non-monetary default. However, if the Default is a non-monetary Default of a nature that cannot be cured within the Cure Period, using reasonable diligence, the time to cure the Default shall be extended beyond the Cure Period for the time period required in order to allow the defaulting party to cure the Default, provided that the defaulting party continues using reasonable diligence to cure the Default. Upon the expiration of the Cure Period, or any extension thereof, and providing that the Default is not cured, the non-defaulting party shall be permitted to invoke the remedies set forth in Section 9.4 below.

9.4

Remedies Upon Default

(a) General In the event of any Default not cured within the Cure Period or any extension thereof, a breach of this Agreement by either of the parties hereto, or a dispute arising between the parties with respect to the terms and provisions of this Agreement, either party may apply to the Superior Court of New Jersey by an appropriate proceeding to settle and resolve said 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 Law. Costs for said arbitration shall be borne equally by the parties.

(b) Monetary Default The Entity’s failure to make the requisite Annual Service Charge payment, reserve payment, additional Annual Service Charge payment, any administrative fee levied, and/or sewer and water charge payments within the Cure Period or any extensions thereof shall constitute a breach of this Agreement by the Entity, and the Township 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. 54:55-1 et seq. Whenever the word “Taxes” appears or is implied 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 Annual Service Charges were taxes or municipal liens on land. In addition, the Township may terminate this Agreement as to the Entity pursuant to Section 10.1.

(c) All of the remedies provided in this Agreement, and all rights and remedies granted by Law and equity shall be cumulative and concurrent. No termination of any provision within this Agreement shall deprive either party of any of its remedies in accordance with Law or

any action by the Township against the Entity because of its failure to pay Taxes, Annual Service Charges, additional Annual Service Charges, administrative fees, reserve payments, and/or water and sewer charges with interest and penalty payments in accordance with applicable law. The bringing of any action for any Taxes, Annual Service Charges, or other charges due hereunder, or in connection with another Default hereunder, or the resort to any other remedy herein provided for the recovery of such Taxes, any Annual Service Charges, administrative fees, reserve payments and water and sewer charges, or other charges, shall not be construed as a waiver of the right to terminate the Long Term Tax Exemption granted hereby or proceed with an In Rem Foreclosure Action or any other remedy as provided for in this Agreement or by Law.

ARTICLE 10

TERMINATION

10.1 Termination Upon Default of the Entity

In the event the Entity or a party acting on its behalf fails to cure or remedy the Default within the Cure Period as provided in Section 9.2, the Township may terminate this Agreement upon thirty (30) days written notice to the Entity (the "Notice of Termination").

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 Township in writing that, as of a date certain designated in such Notice, it relinquishes its status as an Urban Renewal Entity. As of such date, continuation of this tax exemption the Annual Service Charges hereunder, and the profit and dividend restriction shall terminate, and Section 10.3 below shall control. A final accounting pursuant to N.J.S.A. 40A:20-12 shall be a requirement of termination.

10.3 Conventional Taxes

Upon the termination or expiration of this Agreement and thereafter, the Property shall be assessed and conventionally taxed according to the general Law applicable to other taxable property within the Township, and the Entity is bound by this Agreement and by the Law until expiration or Termination shall occur.

ARTICLE 11

NOTICE

11.1

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 or by recognized overnight courier, with proof of delivery.

11.2

Sent by Township

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

River Park Residential One Urban Renewal, LLC
47 Parsippany Road
Whippany, New Jersey 07981

WITH A COPY TO:

John P. Inglesino, Esq.
Inglesino, Webster, Wyciskala & Taylor, LLC
600 Parsippany Road, Suite 204
Parsippany, New Jersey 07054

Unless prior to giving of notice, the Entity shall have notified the Township in writing otherwise. In addition, provided the Township is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's mortgagee, the Township agrees to provide such mortgagee with a copy of any notice required to be sent to the Entity.

11.3

Sent by Entity

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

Clerk, Township of Hanover
1000 Route 10
P.O. Box 250
Whippany, New Jersey 07981

WITH A COPY TO:

Fred Semrau, Esq., Township Attorney
Dorsey & Semrau, LLC

714 Main Street
P.O. Box 228
Boonton, NJ 07005

The notice to the Township shall fully identify the Project to which it relates, including the full name of the Urban Renewal Entity and the Property's Block and Lot numbers.

ARTICLE 12

MISCELLANEOUS

12.1 Severability

If any term, covenant or condition of this Agreement or the Application 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.

12.2 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, except for those provisions governing choice of law, 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 Township have combined in their review and approval of same.

12.3 Captions

The marginal captions after the Article, Section and Paragraph numbers of this Agreement are for convenience of reference purposes only and do not in any way define, limit or amplify the terms of this Agreement and are to be given no weight in its interpretation.

12.4 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Financial Agreement including all Exhibits, the Ordinance authorizing this Agreement, and the Financial Agreement Application including all Exhibits, shall constitute the entire Agreement between the parties, and there shall be no

modifications thereto other than by a written instrument approved and executed by and delivered to each.

12.5 Recording

Either this entire Agreement, or a memorandum of this Agreement in form and substance approved in writing by the Township, will be recorded with the Morris County Clerk by the Entity, at no cost to the Township.

12.6 Remittance to County.

The Township shall remit to the County of Morris on a quarterly basis, five percent (5%) of the Annual Service Charge received from the Entity in accordance with N.J.S.A. 40A:20-12(b).

12.7 Compliance with Laws. The Entity represents and warrants that this Agreement complies with N.J.S.A. 40A:20-1 et. seq. and applicable regulations.

ARTICLE 13

EXHIBITS AND SCHEDULES

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

Exhibit A - Project Description

Exhibit B - Executed PILOT Application with all Exhibits;

Exhibit C - Ordinance of the Township Authorizing Execution of this Financial Agreement;

Exhibit D – Entity’s Estimate of Total Project Cost;

Exhibit E - Form of Certification of Final Construction Cost;

Exhibit F - Certificate of Formation of River Park Residential One Urban Renewal, LLC.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Financial Agreement to be executed, all as of the date first above written.

Witness/Attest:

TOWNSHIP OF HANOVER
a public body corporate and politic

Joseph A Giorgio, Township Clerk

By: _____
John L. Ferramosa, Mayor

Dated: _____

Dated: _____

Witness/Attest:

RIVER PARK RESIDENTIAL ONE
URBAN RENEWAL, LLC
By:

By: _____

By: _____
Thomas Stagen, President

Dated: _____

Dated: _____

Exhibit A to Financial Agreement

Project Description

Exhibit B to Financial Agreement

Executed PILOT Application with All Exhibits

Exhibit C to Financial Agreement

Ordinance of the Township Authorizing Execution of this Financial Agreement

Exhibit D

Entity's Estimate of Total Project Cost¹

Cost of Land and Improvements:	\$
Professional Fees:	\$
Construction Costs:	\$
Insurance, Interest and Finance Costs:	\$
Initial Permanent Financing Costs:	\$
Marketing and Other Expenses:	\$
Real Estate Taxes During Construction:	\$
Developer's Overhead Costs:	\$
Total:	\$

¹ The parties acknowledge that the amounts of the project costs and reductions set forth above are preliminary estimates that will be refined as project design progresses, and that to the extent project costs increase or decrease the allowed reductions and exclusions from project costs will be adjusted to the extent permitted by applicable law.

Exhibit E to Financial Agreement

Form of Certification of Final Construction Cost

_____ Project
_____, New Jersey

I, _____, do certify the following:

I am the _____ of _____, the architects for the _____ Project in _____.

2. To the extent that our firm has been involved in the design and construction of the _____ Project, and based on those records and contracts that have been supplied to us by _____, we certify that the total construction cost forth above referenced project is \$_____.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.

Date: _____

Exhibit F to Financial Agreement

Certificate of Formation of URE