

11-39

2011 ORDINANCE OF THE MAYOR AND COUNCIL OF THE TOWNSHIP OF BLOOMFIELD, COUNTY OF ESSEX, STATE OF NEW JERSEY APPROVING THE EXECUTION OF A FINANCIAL AGREEMENT BETWEEN THE TOWNSHIP OF BLOOMFIELD AND HERITAGE VILLAGE AT BLOOMFIELD URBAN RENEWAL, LLC FOR A LONG TERM TAX EXEMPTION RELATIVE TO BLOCK 311, LOT 13, WITHIN THE BLOOMFIELD CENTER REDEVELOPMENT PHASE II AREA

WHEREAS, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"), the Township of Bloomfield (the "Township"), by way of Resolution approved on August 10, 2009, designated the entire Township as an "area in need of rehabilitation"; and

WHEREAS, by way of ordinance approved on November 9, 2009, the Township adopted a redevelopment plan for certain properties within the Township (the "Redevelopment Plan Area"), entitled the "Bloomfield Center Redevelopment Plan Phase II" (as the same may be amended and supplemented, the "Redevelopment Plan") pursuant to the Redevelopment Law; and

WHEREAS, in accordance with the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., as amended and supplemented (the "Long Term Tax Exemption Law"), Heritage Village at Bloomfield Urban Renewal, LLC (the "Entity") was formed for the purpose of undertaking the redevelopment of Block 311, Lot 13 (the "Project Site"), a parcel within the Redevelopment Plan Area, pursuant to the Redevelopment Plan; and

WHEREAS, by way of resolution, the Entity has been designated as the redeveloper of the Project Site; and

WHEREAS, the Township has authorized the execution of a Redevelopment Agreement (the "Redevelopment Agreement") between the Township and the Entity in order to implement the development, design, financing and construction of the Project Site; and

WHEREAS, the Redevelopment Agreement provides for, among other things, the redevelopment of the Project Site to include approximately 82 low and moderate income, age restricted, residential units (the "Project"); and

APPROVED AS TO FORM AND PROCEDURE
ON BASIS OF FACTS SET FORTH

Michael J. Scott
Director of Law-Township Attorney

WHEREAS, the Entity submitted to the Mayor of the Township (the "Mayor") an application for a long term tax exemption which is on file with the Township Clerk (the "Application") requesting an exemption of the land and improvements constituting the Project pursuant to N.J.S.A. 40A:20-4(k), which defines a "low and moderate income housing project" as a housing project which is occupied, or is to be occupied, exclusively by households whose incomes do not exceed income limitations established pursuant to any State or federal housing program; and

WHEREAS, the Entity also submitted to the Mayor a form of financial agreement (the "Financial Agreement", a copy of which, as revised, is attached hereto as Exhibit A) establishing the rights, responsibilities and obligations of the Township and the Entity relative to the long term tax exemption; and

WHEREAS, pursuant to N.J.S.A. 40A:20-12, the rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c. 431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been entered into and is in effect as required by P.L.1991, c. 431 (C.40A:20-1 et seq.); and

WHEREAS, the Mayor submitted the Application and Financial Agreement to the Township Council with his recommendation for approval, a copy of which recommendation is on file with the Township Clerk; and

WHEREAS, the Township Mayor and Council have previously accepted and approved the Application via resolution, and determined that the Project represents an undertaking permitted by the Long Term Tax Exemption Law and constitutes improvements made for the purposes of clearing, replanning, developing, or redeveloping an area in need of rehabilitation within the Township, as authorized by the Redevelopment Law and the Long Term Tax Exemption Law; and

WHEREAS, the Township Mayor and Council have now determined that it is in its best interests to approve the execution of a Financial Agreement with the Entity to effectuate the long term tax exemption for the Project Site.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the Township of Bloomfield, New Jersey, as follows:

Section 1. The above WHEREAS paragraphs are hereby incorporated herein by reference as though specifically set forth herein below.

Section 2. The Mayor is hereby authorized to execute the Financial Agreement substantially in the form attached hereto as Exhibit A, subject to minor modification or revision, as deemed necessary and appropriate after consultation with counsel.

Section 3. The Clerk of the Township is hereby authorized and directed, upon execution of the Financial Agreement by the Mayor, to attest to the signature of the Mayor and to affix the corporate seal of the Township upon such document.

Section 4. The executed copy of the Financial Agreement shall be certified by and be filed with the Office of the Township Clerk. The Township Clerk shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of the Township and the

Director of the Division of Local Government Services of the Department of Community Affairs, in accordance with Section 12 of the Long Term Tax Exemption Law.

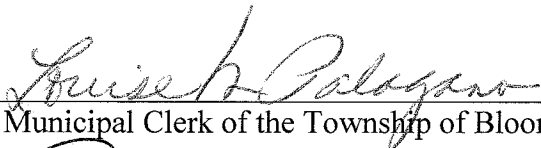
Section 5. If any part(s) of this ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this ordinance.

Section 6. All ordinances and resolutions or parts thereof inconsistent with the ordinance are hereby rescinded.

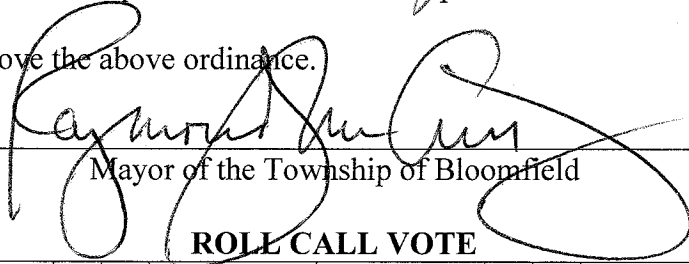
Section 7. This ordinance shall take effect in accordance with applicable law.

* * *

I hereby certify that the above ordinance was duly adopted by the Mayor and Council of the Township of Bloomfield at a meeting of said Township Council held on *Aug. 8, 2011*


Municipal Clerk of the Township of Bloomfield

I hereby approve the above ordinance.

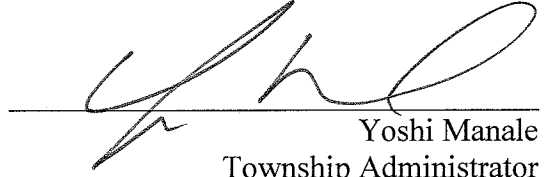

Mayor of the Township of Bloomfield

ROLL CALL VOTE

MAYOR & COUNCIL	Y	N	ABSTAIN	ABSENT	Y	N	ABSTAIN	ABSENT
LITTERIO				✓	✓			
JOANOW	✓				✓			
RUANE	✓				✓			
VENEZIA	✓				✓			
DUNIGAN	✓				✓			
HAMILTON	✓				✓			
McCARTHY	✓				✓			

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I hereby approve / disapprove of the passage of the attached Ordinance.



Yoshi Manale
Township Administrator

If the Township Administrator disapproves of the attached Ordinance the reasons are as follows:

I hereby approve / disapprove of the passage of the attached Ordinance.

Glenn Domenick
Director

If the Department Head disapproves of the attached Ordinance the reasons are as follows:

Long Term Tax Abatement
NJSA 40A: 20-1 et seq.

Financial Agreement

Between the

TOWNSHIP OF BLOOMFIELD

And

**HERITAGE VILLAGE OF
BLOOMFIELD Urban
Renewal, LLC**

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N.J.S.A. 40A: 20-1, et seq.

Preamble

THIS FINANCIAL AGREEMENT, (which hereinafter may be referred to as "Agreement") made this 8 day of August, 2011 by and between Heritage Village at Bloomfield Urban Renewal, LLC, a New Jersey Limited Liability Company and Urban Renewal Entity as defined by N.J.S.A. 40A:20-3(g), qualified to do business under the provisions of the Long Term Tax Exemption Law, as amended and supplemented, (N.J.S.A. 40 A: 20-1 et seq.) having its principal office at 1970 Brunswick Avenue, Suite 100, Lawrenceville, NJ 08648 hereinafter also designated as the "Entity", and the Township of Bloomfield, a Municipal Corporation in the County of Essex and the State of New Jersey, hereinafter designated as the "Township".

Recitals

WITNESSETH:

WHEREAS, the Entity wishes to have a Long Term Tax Exemption granted for an urban renewal project located at: Montgomery and Franklin Streets, Bloomfield New Jersey, and also known as Heritage Village (hereinafter called the "Project"); and

WHEREAS, the Township, does hereby grant its approval for an urban renewal project to be developed and to be maintained upon the terms and conditions hereinafter set forth:

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. 40 A: 20-1 et. seq.) being referred to herein as the "Law". It being expressly understood and agreed that the Township expressly relies upon the facts, data, and presentations contained in the application attached hereto in granting this tax exemption. The entity, as defined herein below, shall, at all times during the term of this Agreement, remain bound by its provisions and the provisions of the Law and the Entity shall be permitted to terminate the Agreement as provided therein and by the Law.

Section 1.2 General Definitions

Unless specifically provided otherwise by the Law or the context otherwise requires, the following terms when used in this Financial Agreement shall mean:

i. Allowable Net Profit - The amount arrived at by applying the allowable profit rate, as defined by N.J.S.A. 40A:20-3(b), to each total project cost, as defined by N.J.S.A. 40A:20-3(h), pursuant to the provisions of N.J.S.A. 40A: 20-3 (c).

ii. Allowable Profit Rate - The Allowable Profit Rate, as defined by N.J.S.A. 40A:20-3(b) means the greater of 12% or the percentage per annum arrived at by adding 1 ¼% per annum to the interest rate per annum which the municipality

determines to be the prevailing rate on mortgage financing on comparable improvements in the county.

iii. Annual Service Charge - The amount the Entity has agreed to pay the Township in lieu of full taxation on the improvements, as outlined herein which is subject to verification and review by the Township.

iv. Auditor's Report - A complete financial statement outlining the financial status of the project (for a period of time as indicated by context) 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 items as required by all state statutes which has been certified as to its conformance with such standards by a certified public accountant who is, or whose firm is, licensed to practice that profession in the State of New Jersey.

v. Certificate of Occupancy - Document issued by the Township authorizing occupancy of a building.

vi. Default - Shall be the failure of the Entity to perform any obligation imposed upon the Entity by the terms of the herein Agreement.

vii. Entity - The parties agree that reference to the term Entity within this Agreement shall be defined as the developer (s), of the Project and all purchasers and any subsequent purchasers or successors in interest of the Project, all of which shall be Urban Renewal Entities as defined by N.J.S.A. 40A:20-3(g).

viii. Gross Revenue - The annual gross revenue or gross shelter rent or annual gross rents, as appropriate, and other income, for each Urban Renewal Entity designated and defined pursuant to N.J.S.A. 40A: 20- 3 (a). The Agreement shall

establish the method of computing the gross revenue for the Entity, subject to the requirements and/or restrictions of N.J.S.A. 40A:20-3(a).

ix. Gross Sheltered Rent - The gross rent or carrying charge, less the cost of utilities furnished by the Project. These utilities shall include gas, electric, and water and sewer, if supplied by the Project; and the cost of the heating bill.

x. Improvements - Any building, structure or fixture permanently affixed to the land.

xi. In Rem Tax Foreclosure - A summary proceeding by which the Township may enforce the lien for taxes due and owing by a tax sale. Said foreclosure is governed by N.J.S.A. 54: 5 -1 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land on which the project is located. Land assessments are not abated.

xiii. Land Tax Payments - Payments made on the quarterly due dates for land taxes on the real property as determined by the Tax Assessor and the Tax Collector for such low and moderate income age restricted housing.

xiv. Law - The term 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 and municipal statutes, ordinances, resolutions, rules and regulations.

xv. 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 unless otherwise determined herein.

xvi. 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).

xvii. Project - The land and improvements thereon which are the subject of this agreement and as defined in N.J.S.A. 40A:20-3 (e) & (i).

xviii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as, the plural, as proper meaning requires.

xix. Property - The land and the improvements thereon as disclosed in the application.

xx. Statutes - The term statute used in this Financial Agreement shall refer to statutes of the State of New Jersey as contained in N.J.S.A. 40A:20-1 et seq.

xxi. Substantial Completion - The determination by the Township that the Project is ready for the use intended, as further defined in Section 6.2 of this Agreement.

xxii. Termination - Any act or omission which by operation of the terms of the herein Agreement shall cause the Entity to relinquish its long term tax exemption.

xxiii. Township - The Township of Bloomfield.

Section 1.3 Exhibits Incorporated

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

Article II - Approval

Section 2.1 Approval of Tax Exemption

The Township has granted its approval of a tax exemption of a urban renewal project, described herein and referred to as the Project to be acquired, developed and to be maintained under the provisions of the Law on the premises described in the tax exemption application (the "Application") and located at Morgan and Franklin Streets (Block 311, Lot 13), commonly known as Heritage Village located in Bloomfield, New Jersey, which property will be acquired by the Entity pursuant to a separate agreement with the Township Parking Authority. The Entity represents and covenants that, effective as of the completion of the Project, the Entity shall utilize and/or cause any and all tenants of the Property to use the Project for the purposes set forth in the Application, and the land use applications filed with, and as approved by, the Township in connection with this Project. The Township and the Entity recognize that the Project is anticipated to consist of construction of 82 units of low and moderate income age restricted housing including one (1) superintendents unit with a total Project gross square footage of approximately 72,300. All of the units will be restricted for use by residents, over the age of 55 and earning 60% or less of the area median income.

Section 2.2 Approval of Entity

Approval of a long term tax exemption is granted to the Entity for the Project on the lands referred to above, which shall in all respects comply and conform to all applicable statutes of the State of New Jersey, and the lawful regulations made pursuant thereto, governing land, building (s) and the use thereof, and which Project is more particularly described herein above. By execution of this Agreement, the Entity hereby acknowledges and agrees that it currently complies, and shall continue to comply

for the duration of this Agreement, with all qualifications of the Law as applicable to urban renewal entities.

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 thirty (30) years from the date of substantial completion of the Project, and shall only be effective during the period of the Projects' operation as a low and moderate income, age restricted rental housing development and shall continue in force only while said Project is owned by an Urban Renewal Entity formed pursuant to N.J.S.A. 40A:20-5 and Title 15A of the New Jersey Statutes. During the term of the Agreement, all improvements and land, to the extent authorized pursuant to N.J.S.A 40A:20-12, in the Project to be constructed or acquired by the Entity shall be exempt from taxation as provided in the Law and this Agreement. In no case shall this Agreement remain in effect longer than 35 years from the date of execution of this Agreement, as more specifically described in Section 4.1 below. After which time (i) the tax exemption for the urban renewal project shall expire and the land and the improvements thereon shall thereafter be assessed and taxed according to the general law, applicable to other non-exempt property in the Township and (ii) all restrictions and limitations upon the Entity shall terminate upon the Entity's rendering and the Township's acceptance of its final accounting. Notwithstanding the tax exemption provided for herein, the entity shall at all

times following its ownership and use of the Property, make payments for municipal services as provided by the Law.

Article IV - Annual Service Charge

Section 4.1 Annual Service Charge

In consideration of the aforesaid exemption from taxation on the Project, the Entity shall make Payment In Lieu of Taxes to the Township in a sum equal to five percent(5.0%) of the annual Gross Sheltered Rents obtained from the Project, or the Minimum Annual Service Charge, whichever is greater, during the Township's fiscal year. The duration of the tax exemption shall be thirty (30) years following completion of the Project as described in the "Entity's application. In no case shall this Agreement remain in effect longer than 35 years from the date of execution of this Agreement. This amount (hereinafter referred to as the "Annual Service Charge") shall be adjusted from time to time based upon the submission of an annual certified financial audit. The Annual Service Charge shall be calculated from the first day of the month following the issuance by the Township of a Certificate of Occupancy or a determination by the Township of substantial completion of the Project in the manner governed by application of Article IV herein. However, it is nevertheless provided that in no event shall such payment, excluding taxes on the land, in any year after the first year of occupancy of the Project (which shall be deemed to be the date that the Certificate of Occupancy is issued in the manner set forth in Sections 6.2 below) be less than the total taxes levied against all real property in the area covered by the Project, in the last full year in which the area was subject to taxation, as set forth as the Minimum Annual Service Charge. The parties agree that the Minimum Annual Service Charge for the project shall be \$20,000. The

agreed Minimum Annual Service Charge shall not be reduced through any tax appeal on land and/or improvements during the period that this Agreement shall be in force and effect.

The Annual Service Charge shall be adjusted from time to time in the following manner:

- (i) For the first stage of the exemption period, commencing with the first day of the month immediately following the issuance of a certificate of occupancy for the Project and continuing for a period of fifteen (15) years, the Annual Service Charge shall be the amount set forth in Section 4.1 of this Agreement.
- (ii) For the second stage of the exemption period, commencing on the sixteenth (16th) anniversary of the date of completion of the Project and continuing for a period of four (4) years, the Annual Service Charge shall be (1) the Annual Service Charge shall be the amount set forth in Section 4.1 of this Agreement, or (2) 20% of the amount of taxes otherwise due on the value of the land and improvements for the Project as determined by applicable New Jersey Tax Laws and as assessed as affordable housing, whichever shall be greater;
- (iii) For the third stage of the exemption period, commencing on the **twentieth (20th)** anniversary of the date of completion of the Project and continuing for a period of **four (4)** years, the Annual Service Charge shall be (1) the annual service charge shall be the amount set forth in Section 4.1 of this Agreement, or (2) 40% of the amount of taxes otherwise due on the value of the land and improvements for the

Project as determined by applicable New Jersey Tax Laws and as assessed as affordable housing, whichever shall be greater;

- (iv) For the fourth stage of the exemption period, commencing on the **twenty-fourth (24th)** anniversary of the date of completion of the Project and continuing for a period of **four(4)** years, the annual service charge shall (1) be the amount set forth in Section 4.1 of this Agreement, or (2) 60% of the amount of taxes otherwise due on the value of the land and improvements for the Project as determined by applicable New Jersey Tax Laws and as assessed as affordable housing, whichever shall be greater; and
- (v) For the final stage of the exemption period, commencing on the **twenty-eighth(28th)** anniversary of the date of completion of the Project and continuing for a period of **two(2)** years, the Annual Service Charge shall be (1) the amount set forth in Section 4.1 of this Agreement, or (2) 80% of the amount of taxes otherwise due on the value of the land and improvements for the Project as determined by applicable New Jersey Tax Laws and as assessed as affordable housing, whichever shall be greater.

Section 4.2 Quarterly Installments

The Entity expressly agrees that the aforesaid Annual Service Charge (s) shall be made in quarterly installments on those dates when real estate tax payments are due pursuant to the Township's requirements and the New Jersey Tax Laws; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the

close of each Township fiscal year. In the event that the Entity fails to so pay, 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 4.3 Land Tax Credit

The Entity is obligated to make land tax payments for any entitlement to a land tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments against the Annual Service Charge. The Entity's failure to make the requisite Annual Service Charge payment in a timely manner shall constitute a violation and breach of the Financial Agreement and the Township shall, among its other remedies, have the right to proceed against the Property pursuant to conventional tax foreclosure or In Rem Tax Foreclosure Act, N.J.S.A. 54: 5-1, et. seq. and/or may cancel the Financial Agreement upon thirty (30) days notice to the Entity. Any default arising out of the Entity's failure to pay land taxes and Annual Service Charges shall not be subject to the default procedural remedies as provided in Section 5.1 of the Financial Agreement herein.

Section 4.4 Material Conditions

It is expressly agreed and understood that all payment of land taxes, annual service charges, (including the methodology of computation) and any interest payments due, are material conditions of this Agreement. If any other term, covenant or condition of this Agreement or the Application, to any person or circumstance shall, to any extent, 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.

Article V - Dispute Resolution

Section 5.1 Remedies

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, the dispute shall be resolved by arbitration as required by N.J.S.A. 40A:20-9(f) in accordance with the procedures and by a qualified arbitrator or arbitrators certified and selected as provided by the American Arbitration Association. Costs for said arbitration shall be borne equally by the parties. In the event of a default on the part of the Entity, to pay the Annual Service Charge as defined in Article IV, above, the Township among its other remedies, reserves the right to proceed against the Entity's land and premises, in the manner provided by N.J.S.A. 54:5-1 to 54:5 - 129, and any act supplementary or amendatory thereof. Whenever the word "Taxes" appear, or is applied, directly or 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 Charge were taxes or municipal liens on land. In such event, however, the Entity, whichever the case may be, does not waive any defense it may have to contest the right of the Township to proceed in the above mentioned manner by conventional or In Rem Tax foreclosure.

Article VI – Certificate of Occupancy

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to make application for and make all best efforts to obtain all Certificates of Occupancy in a timely manner as identified in the accompanying Application and failure to use best efforts to secure and submit said Certificates of Occupancy shall subject the property to full taxation. The Annual Service Charge is to commence from the first day of the month following the Certificate of Occupancy of the Project.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with the Tax Assessor, the Tax Collector and the Chief Financial Officer of the Township a copy of the Certificate of Occupancy, once received.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not mitigate against any action or non action, taken by the Township's Tax Assessor in the absence of such filing by the Entity.

The estimated cost basis disclosed by the Entity's Application and proposed Financial Agreement may at the option of the Township's Construction Official be used as the basis for construction cost in the issuance of the building permit (s).

Article VII - Annual Audits

Section 7.1 Accounting System

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

principles and as otherwise prescribed in NJSA 40A:20-1 et seq. during the term of the tax exemption.

Section 7.2 Periodic Reports

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 its auditor's report certified by a certified public accountant for the preceding fiscal or calendar year to Township Mayor and Governing Body, and to the Director of the Division of Local Government Services in the Department of Community Affairs pursuant to N.J.S.A. 40A:20-9 (d). Said auditor's report shall include, but not be limited to the following:

Rental schedule of the Project, and the terms and interest rate on any mortgage(s) associated with the purchase 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 said Long Term Tax Exemption Law, as amended and supplemented, and this Agreement.

After completion of each building of the Project the Entity agrees to submit a Total Project Cost audit certified by a Certified Public Accountant within ninety (90) days after completion of each building of the Project.

Section 7.3 Inspection

The Entity shall permit the inspection of property, equipment, buildings and other facilities of the Project. It also shall permit, upon request, examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the Township or the State. Such examination or audit

shall be made during the reasonable hours of the business day, in the presence of any officer or agent of the Entity.

Section 7.4 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to limitation of its profits or dividends payable by it pursuant to the provisions of N.J.S.A. 40A:20 -1, et seq.

The Entity shall have the right to establish a reserve against unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten (10 %) percent of the gross revenues of the Entity for the fiscal year preceding the year in which a determination is being made with respect to permitted net profits as provided in N.J.S.A. 40A:20-15, said reserve to be noncumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of ten (10 %) percent of the preceding year's gross revenues as aforesaid. The limitation shall be specifically governed by N.J.S.A. 40A :20-15 or any other applicable law.

Section 7.5 Payment of Dividend and Excess Profit Charge

In the event the net profits of the corporation, as provided in N.J.S.A. 40 A:20-15 shall exceed the Allowable Net Profits for such period then the Entity shall, within 90 days after the end of such fiscal year, pay such excess profit to the Township as an additional Service Charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 7.4. The payment shall be specifically governed by N.J.S.A. 40A:20-15 or any other applicable law.

Article VIII - Assignment and/or Assumption

Section 8.1 Approval

Any change made in the ownership of the Project or any other change that would materially affect the terms of the Agreement shall be void unless approved by the Township Council by resolution. It is understood and agreed that the Township, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of the Agreement to an Entity eligible to operate under the Law and this Agreement, provided the Entity is not in default regarding any performance required of it hereunder and full compliance with N.J.S.A. 40A:20-1, et seq. has occurred and the Entity obligation under this Agreement with the Township is fully assumed by the transferee. The Township expressly reserves its right pursuant to N.J.S.A. 40A:20-10d to levy an administrative fee in the event of such a sale.

Section 8.2 Operation of Project

The Project shall be operated in accordance with the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq., as currently amended and/or supplemented. Operation of the Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40 A:20 - 1 et seq., as currently amended and supplemented, but also by a material breach of this Agreement.

Section 8.3 Termination

The Entity hereby agrees at all times prior to the expiration or termination of this Agreement to remain bound by the provisions of N.J.S.A. 40A:20-1 et.seq., as currently amended and supplemented. 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 Township Council, 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 IX Waiver

Section 9.1 Waiver

Nothing contained in this Agreement or otherwise shall constitute a waiver or relinquishment by the Township 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 that the Township has under law, in equity, or under any provisions of this Agreement.

Article X – Notice

Section 10.1 Notice

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

(a) When sent by the Township to the Entity it shall be addressed as follows:

Heritage Village at Bloomfield Urban Renewal LLC
1970 Brunswick Avenue, Suite 100
Lawrenceville, NJ 08648

(b) When sent by the Entity to the Township, it shall be addressed Township Clerk, Township Hall, 1 Municipal Plaza, Bloomfield, NJ unless prior to the giving of notice the Township shall have notified the Entity otherwise. The notice to the Township shall identify the subject as “Heritage Village at Bloomfield”.

Article XI – Compliance

Section 11.1 Statutes and Ordinances

The Entity hereby agrees at all times prior to the expiration or termination of this Agreement to remain bound by the provisions of Federal and State Statutes and Municipal Ordinances and Regulations including, but not limited to, N.J.S.A. 40A:20-1 et. seq. The Entity's failure to comply with such statutes or Ordinances shall constitute a violation and breach of the Financial Agreement and the Township shall, among its other remedies, have the right to terminate said tax exemption.

Article XII - Construction

Section 12.1 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 Township have combined in their review and approval of same.

Article XIII – Indemnification

Section 13.1 Defined

It is understood and agreed that in the event the Township shall be named as party defendant in any action brought against the Entity by reason of any breach, default or a violation of any of the provisions of the within Agreement and/or the provisions of N.J.S.A. 40A: 20-1 et seq., the Entity shall indemnify and hold the Township harmless, and the Entity agrees to defend the suit at its own expense. However, the Township 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 - Default

Section 14.1 Default

Default shall be failure of the Entity to conform with the terms of the Agreement herein and failure of the Entity to perform any obligation imposed upon the Entity by statute, ordinance or lawful regulation.

Section 14.2 Cure Upon Default

Should the Entity be in default as defined and set forth in this Agreement, the Township shall notify the Entity in writing of said default. Said notice shall notify the Entity in writing of said default. Said notice shall set forth with particularity the basis of said default. The Entity shall have thirty (30) days to cure any default which shall be the sole and exclusive remedy available to the Entity to cure said default. Subsequent to the thirty (30) days, the Township shall have the right to proceed against the Property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54: 4-1, et seq. and/or may cancel the Agreement upon thirty (30) days notice to the Entity.

Section 14.3 Remedies Upon Default

All of the remedies provided in this Agreement to the Township, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No determination of any provision within this Agreement shall deprive the Township of any of its remedies or actions against the Entity because of its failure to pay land taxes, the annual service charge and interest payments. 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 nor shall the bringing of any action for land taxes and annual service charges, or

other charges, or for breach of covenant or the resort of any other remedy herein provided for the recovery of land taxes, annual service charges or other charges be construed as a waiver of the right to terminate said tax exemption or proceed with In Rem Foreclosure action or any other remedy.

Article XV - Termination

Section 15.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy such default or breach within the time period provided in Section 15.2, the Township may cancel this Agreement upon thirty (30) days notice to the Entity. For purposes of rendering a final financial accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity. The Entity shall within ninety (90) days after the date of such termination pay to the Township a sum equal to the amount of the reserves, if any, maintained pursuant to N.J.S.A.. 40A:20-13 & 15. Upon such termination of the Project, all affected parcels and all improvements made thereto shall be assessed and subject to taxation as are all other taxable properties within the Township.

Section 15.2 Voluntary Termination by the Entity

The Entity may after the expiration of one year from the completion date of the Project notify the Township Council that as of a certain date designated in the notice, it relinquishes its status as a tax exempted project. As of the date so set, the tax exemption, the service charges and the profit and dividend restriction shall terminate. Upon termination, the Entity shall provide a final accounting and pay any reserve, if any, to the Township pursuant to the provisions of N.J.S.A. 40A:20-13 and 15.

Section 15.3 Final Accounting

Upon any termination of such exemption, whether by affirmative action of the Entity or by virtue of the provisions of the Long Term Tax Exemption Law, as amended and supplemented, or pursuant to the terms of this Agreement, the date of such termination shall be deemed to be the end of the fiscal year of the Entity.

It is further provided that at the end of the period of tax exemption granted hereunder, the property of the Entity, as well as the land, shall be assessed and taxed according to general law like other property in the Township. At the same date, all restrictions and limitations upon the Entity, shall terminate upon the Entity rendering its final accounting with the Township, and the Township's acceptance thereof, pursuant to N.J.S.A. 40A:20-13.

Article XVI - Miscellaneous

Section 16.1 Conflict

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

Section 16.2 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 Township 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 executed by both parties and delivered to each.

Section 16.3 Entire Document

This agreement and all conditions in the Ordinance of the Township Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 16.4 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the Township.

Section 16.5 Grammatical Agreement

The bracketing of the letter (s) at the end of a word such as unit (s) shall mean the singular or plural as proper meaning requires and all related verbs and pronouns shall be made to correspond.

Section 16.6 Recording

Either this entire Agreement or a memorandum of recording will be filed and recorded with Essex County Register of Deeds by the Entity.

Article XVII - Exhibits

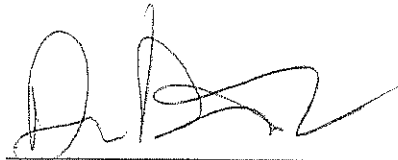
- Exhibit A. Heritage Village at Bloomfield Urban Renewal LLC Application
- Exhibit B. Township Council Ordinance
- Exhibit C. Certification of Municipal Tax and Utility Charges
- Exhibit D. Planning Board Resolution(To be Provided)
- Exhibit E. NJ Department of Community Affairs Approval of Urban Renewal Entity(To be Provided)
- Exhibit F. Survey(To be Provided)
- Exhibit G. Metes and Bounds Description
- Exhibit H. Certificate of Formation
- Exhibit I. Corporate Resolution
- Exhibit J. Project Budget

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

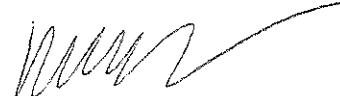
ATTEST:

ENTITY: **Heritage Village at Bloomfield
Urban Renewal, LLC**

By: CIS Bloomfield, LLC, the Managing
Member
Community Investment Strategies, Inc.,
Managing Member



Witness



By: Barbara K. Schoor, Vice President

ATTEST:

THE TOWNSHIP OF
BLOOMFIELD

Clerk

MAYOR

APPROVED AS TO FORM

Township Attorney

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

ATTEST:

ENTITY: **Heritage Village at
Bloomfield Urban Renewal, LLC**

By: CIS Bloomfield, LLC, the
Managing Member
Community Investment Strategies,
Inc., Managing Member

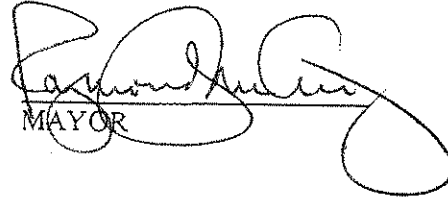
Witness

By: Barbara K. Schoor,
Vice President

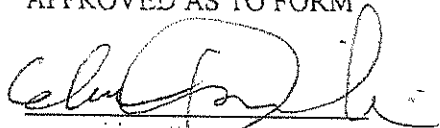
ATTEST:

THE TOWNSHIP OF
BLOOMFIELD


Clerk


MAYOR

APPROVED AS TO FORM


DIRECTOR OF COMMUNITY DEVELOPMENT