

**FINANCIAL AGREEMENT PURSUANT TO THE LONG
TERM TAX EXEMPTION LAW, N.J.S.A. 40A:20-1, ET SEQ.
BETWEEN THE BOROUGH OF MERCHANTVILLE AND
CITADEL WELLWOOD URBAN RENEWAL, LLC**

THIS FINANCIAL AGREEMENT (hereinafter, the "Agreement"), made this ____ day of _____, 2012, between Citadel Wellwood Urban Renewal, LLC, an urban renewal limited liability company of the State of New Jersey having its principal office at c/o DePetro Real Estate Organization, LLC, 201 Union Lane, Suite B, Brielle, New Jersey, herein designated as the "Entity," and the Borough of Merchantville, a municipal corporation in the County of Camden, and the State of New Jersey, hereinafter designated as the "Borough."

WITNESSETH:

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

1. Pursuant to N.J.S.A. 40A:20-9(h), at all times this Agreement shall be subject to and governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq., (the "LTTE"). It being expressly understood and agreed that the Borough relies upon the facts, data, and representations of the Redeveloper of the Wellwood Manor project for Tax Abatement pursuant to the Long Term Tax Exemption Law, 40A:20-1, et seq., (hereinafter, the "Application") attached hereto. The Entity shall at all times prior to the expiration or other termination of this Agreement remain bound by the provisions of the LTTE. Operation under this Agreement shall be terminable by the Entity in the manner provided by the LTTE.

2. The Borough has granted and does hereby grant its approval for an urban renewal project, the nature, magnitude and description of which is disclosed in the Facilities Assessment

Report and Addendum thereto, to be redeveloped under the provisions of the LTTE on the land described as and commonly known on the Official Tax Map of the Borough of Merchantville as Block 9, Lots 2 and 3 at 606 West Maple Avenue, Merchantville, New Jersey (hereinafter, the "Project"). The Borough finds that the redevelopment of the Project creates a substantial benefit to the Borough, when compared to costs, if any, associated with the tax exemption granted herein and, further, finds that such tax exemption is of significant importance in obtaining the development of the Project and in influencing the locational decisions of probable occupants of the Project.

(a) The Project is a fifty-four (54) unit housing project, comprised of studio, one and two bedroom apartments. The existing building will be rehabilitated and no existing tenants will be displaced.

(b) The project is part of the West Maple Redevelopment Area in Merchantville, and Citadel Wellwood Urban Renewal, LLC has been named Redeveloper of the Project. The subject property is in a state of disrepair and has been so for many years, and is a blighting influence on the neighborhood. The Project will preserve the building and return it to productive use for the community.

(c) The Project's proposed sources and uses are set forth in Exhibit A, attached hereto and made a part hereof.

(d) The proposed rents and the proposed operating expenses are set forth in Exhibits B and C, respectively, attached hereto and made a part hereof.

3. Approval hereunder is granted to the Entity for the undertaking of the Project on the lands referred to above, which shall in all respects comply and conform to all applicable statutes and municipal ordinances, and the lawful regulations made pursuant thereto, governing land, building(s)

and the use thereof, and which Project is more particularly described in the accompanying Application.

4. Pursuant to N.J.S.A. 40A:20-9(b), the Project to be redeveloped by the Entity shall be exempt from taxation on improvements in accordance with the provisions of the LTTE and in the manner provided by this Agreement beginning on the date hereof and for a term of fifteen (15) years from the completion of the entire Project, with options to renew this tax exemption for three (3) separate option stages, that being for years 16 through 20 (first option stage), for years 21 through 25 (second option stage), and for years 26 through 30 (third option stage), but not more than thirty-five (35) years from the execution of this Agreement, and only so long as the Entity and its Project remain subject to the provisions of the LTTE and complies with this Agreement.

5. Pursuant to N.J.S.A. 40A:20-9(c), and in consideration of the aforesaid exemption from taxation on improvement(s), the Entity, its successors and assigns shall make payment to the Borough for municipal services supplied to the Project of an annual service charge (hereinafter, the "Annual Service Charge") of a sum equal to seven percent (7.00%) of the annual gross revenue determined pursuant to N.J.S.A. 40A:20-1, et seq., calculated from the first day of the month following the substantial completion of the Project. This sum shall be in an amount not less than the sum indicated in Exhibit D of this Agreement as the "Minimum PILOT Payment" for that particular calendar year. There is hereby established a schedule of Annual Service Charges to be paid over the term of the fifteen (15) year exemption period, and the three (3) respective five (5) year optional exemption periods, which shall be in stages as follows:

(a) For the first exemption period, fifteen (15) years, commencing from the date of substantial completion of the Project, the Entity shall pay the Borough an Annual Service charge

equal to seven percent (7.00%) of the annual gross revenue, as set forth in and subject to the provisions of Section 5, above.

(b) Within six (6) months of the termination of this first exemption period, the Entity may make application to the Borough for extension of the LTTE for three (3), respective five (5) year optional exemption periods, at which time the Borough may extend in any or all of the stages, as set forth below. Pursuant to N.J.S.A. 40A:20-10(d), the Borough shall be entitled to an administrative fee of two (2%) percent of the then-existing Annual Service charge, for the processing of any such request for the continuation of the LTTE. In the optional exemption periods, the Annual Service Charge shall be determined as follows:

(1) For the first option stage, which shall be for years sixteen (16) through twenty (20) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or twenty percent (20%) of the amount of taxes otherwise due on the value of the land and improvements whichever shall be greater;

(2) For the second option stage, which shall be for years twenty-one (21) through twenty-five (25) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or forty percent (40%) of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(3) For the third option stage, the Entity shall pay the Borough as follows:

(a) for years twenty-six (26) through twenty-eight (28) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount

determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or sixty percent (60%) of the amount of taxes otherwise due on the value of the land and improvements whichever shall be greater; and

(b) for years twenty-nine (29) through thirty (30) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or eighty percent (80%) of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

The Annual Service Charge shall be paid to the Borough on a quarterly basis in a manner consistent with the Borough's tax collection schedule. In addition to the Annual Service Charge, and pursuant to N.J.S.A. 40A:20-10, the Borough shall be entitled to an annual administrative fee of two (2%) percent of the then-existing Annual Service charge.

For the purposes of subsections (b) through (e) of Paragraph 5, above, "the amount of taxes otherwise due on the value of the land and improvements" for calculation of the minimum Annual Service Charge, shall be the amount of the total taxes in that tax year which would have been levied against the land and improvements covered by the Project had the property been subject to *ad valorem* taxation, should the amount determined pursuant to Paragraph 5(a) of this Agreement be less than the minimum Annual Service Charge.

6. The Annual Service Charge for the first year of tax exemption shall be on a pro rata basis, from the date of commencement of the exemption to the close of the calendar year, and, for the last calendar year of the tax exemption, from the first day of the calendar year to the date of termination of the exemption. Upon the termination of the exemption granted pursuant to the

provision of the LTTE, the Project, all affected parcels, and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the Borough. After the date of termination, all restrictions and limitations upon the Entity shall terminate and be at an end upon the Entity's rendering its final accounting to and with the Borough.

7. Pursuant to N.J.S.A. 40A:20-9(f), in the event of a breach of the Agreement by either of the parties hereto, or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may submit the matter to the American Arbitration Association for resolution by arbitration or any other alternative dispute resolution recognized by the Superior Court of New Jersey to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the LTTE.

In the event of a default on the part of the Entity pursuant to its obligation to pay the Annual Service Charge as defined in Paragraph 6 above, the Borough may terminate the tax exemption if the default is not remedied within sixty (60) days of the due date of the Annual Service Charge and may proceed against the Entity's land and improvements that are the subject of this Agreement, in the manner provided by N.J.S.A. 54:5-1 to 54:5-129 and any act supplementary or amendatory thereof, it being understood and agreed by the parties hereto that throughout N.J.S.A. 54:5-1 to 54:5-129 and any act supplementary or amendatory thereof, whenever the word "taxes" appears, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provision 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 any event, however, the Entity does not waive any defense it may have to contest the right of the Borough to proceed in the above-mentioned manner by conventional or in rem tax foreclosure.

8. Pursuant to N.J.S.A. 40A:20-9(g), it is agreed between the parties that the Entity, at any time after the expiration of one (1) year from the completion of the Project, may notify the Borough Council of the Borough that, as of a certain date designated in the notice, it relinquishes its status under the LTTE, and that the entity has obtained the consent of the Commissioner of the Department of Community Affairs to such a relinquishment. As of that date, the tax exemption, the service charges, and the profit and dividend restrictions shall terminate. The date of termination of the tax exemption, whether by relinquishment by the Entity or by terms of this Agreement, shall be deemed the close of the fiscal year of the Entity. Within sixty (60) days of that date, the Entity shall pay to the Borough the amount of reserve, if any maintained, pursuant to Section 15 or 16 of the LTTE, as well as the excess net profits, if any, payable as of that date.

9. Pursuant to N.J.S.A. 40A:20-9(a), the Entity shall be subject, during the period of this Agreement and tax exemption under the LTTE, to a limitation of its profits and in addition, in the case of a corporation, of the dividends payable by it. Whenever the net profits of the Entity for the period, taken as one accounting period, commencing on the date on which the construction of the Project is completed and terminating at the end of the last full fiscal year, shall exceed the allowable net profits for the period, the Entity shall, within sixty (60) days of the close of the fiscal year, pay the excess net profits to the Borough as an additional service charge. From the excess profits, the Entity may maintain during the term of this Agreement a reserve against vacancies against unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten percent (10%) of the gross annual 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.

10. Within sixty (60) days after the date of such termination, the Entity shall pay the Borough a sum equal to the amount of the reserve, if any, maintained pursuant to N.J.S.A. 40A:20-15 and 40A:20-16, as well as the excess net profits, if any, payable as of that date.

11. Pursuant to N.J.S.A. 40A:20-9(d), the Entity shall submit annually, within ninety (90) days after the close of each of its fiscal years, its auditor's reports of income and expenses related to the Project to the Mayor and Borough Council of the Borough and to the Director of Local Government Services in the Department of Community Affairs having a mailing address of CN-805, Trenton, NJ 08625-0805.

12. Pursuant to N.J.S.A. 40A:20-9(e), the Entity shall, upon request, permit inspection of the property, equipment, buildings and other facilities of the Entity by authorized representatives of the Borough or the State. The Entity shall also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the Borough or the State at the Entity's expense. Such inspection or examination shall be made during the reasonable hours of the business day, in the presence of an officer or agent of the Entity.

13. Pursuant to N.J.S.A. 40A:20-9(e), after examination of the books, contracts, etc. as set forth Paragraph 12, the Borough, in its reasonable discretion, may, within ninety (90) days after the close of any fiscal or calendar year (depending on the Entity's accounting basis) in which this Agreement remains in effect, require the Entity to submit an auditor's report for the preceding fiscal or calendar year, certified by a certified public accountant, to the Mayor, the Borough Council, the Borough's Chief Financial Officer and the Clerk of the Borough. Said auditor's report shall include, but not be limited to, such details as may related to the Project's cost and to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the LTTE, as amended and

supplemented, and this Agreement, and shall be prepared in a manner consistent with the current standards of the Financial Accounting Standards Board. Said auditor's report shall be submitted to the representatives of the Borough mentioned above within 90 days of receipt by the Entity of the Borough's request for said auditor's report.

14. Pursuant to N.J.S.A. 40A:20-9(g), the failure on the part of the Entity to make timely payment of all municipal obligations, taxes, fees and charges arising out of this Agreement or in any way arising out of the affected Project, its land and/or improvements, or failure on the part of the Entity to comply with the requirements of the aforementioned audit, or with any other substantive condition of this Agreement shall permit the Borough to exercise such remedies as may be provided by the LTTE or this Agreement provided that this Entity shall have received from the Borough a Notice of Default and Intent to Terminate in which case the Entity shall have sixty (60) days in which to cure any default and avoid such termination. In the event of any dispute between the parties matters in controversy shall be resolved by arbitration as provided in this Agreement.

15. Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, or by a nationally recognized overnight delivery service, addressed as follows:

(a) When sent by the Borough to the Entity it shall be addressed to: Citadel Wellwood Urban Renewal Co., LLC, 201 Union Lane, Suite B, Brielle, New Jersey 08730, unless prior to giving such notice the Entity shall have notified the Borough otherwise in writing.

(b) When sent by the Entity to the Borough, it shall be addressed to the Borough Clerk, One West Maple Avenue, Merchantville, New Jersey 08109, unless prior to giving such notice the Borough shall have notified the Entity otherwise in writing.

16. In further consideration for this Agreement, the Entity specifically agrees not to make application to the Borough for the collection of the trash and recycling generated by the property, or make application for reimbursement of trash and recycling services contracted by the Entity, pursuant to N.J.S.A.40:67-23.2 et seq.

17. It is understood and agreed that in the event the Borough shall be named as a 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 Borough harmless and shall, further, defend any such action at its own expense. The Borough maintains the right to intervene as a party thereto, to which intervention the Entity consents, the expense thereof to be borne by the Borough.

18. The Entity shall have and may exercise such of the powers conferred by law on limited partnerships as shall be necessary for the operation of the business of the Entity and as shall be consistent with the provisions of the LTTE, and, in addition, shall have and may exercise the powers set forth in the LTTE, but only so long as this Agreement, together with any amendments thereto, is in effect with the Borough pursuant to the LTTE.

19. The Borough specifically enters into this Agreement for the benefit of the Project with Citadel Wellwood Urban Renewal, LLC, and its managing member, Richard DePetro. The sale of the Project by the Entity, or the sale of the interests of the managing member of the Entity, the sale of the Entity, or the sale of the majority interest in the Entity, shall render this Agreement null and void, unless the assumption of the terms, conditions and obligations of this Agreement by the transferee urban renewal entity person, partnership and/or corporation, is approved by Resolution of the Borough Council of the Borough of Merchantville, upon whose approval this Agreement and its then

remaining obligations and the tax exemption of the improvements shall continue, and inure to the benefit of the transferee urban renewal entity.

It is understood and agreed that the Borough may, on written application by the Entity, consent to a sale of the Project and the transfer of the Agreement to an urban renewal person, partnership and/or corporation eligible to function under the law provided the Entity is not in default as respects any performance required of it hereunder and full compliance with the terms and conditions of N.J.S.A. 40A:20-1, et seq. has occurred and the Entity's obligation under this Agreement with the Borough is assumed by the transferee.

If the Entity has, with the consent of the Borough in which the Project is located, transferred its Project to another urban renewal entity which has assumed the then remaining contractual obligations of the transferor entity with the Borough, the transferor entity shall be discharged from any further obligation under this Agreement, and shall be qualified to undertake another Project with the same or a different municipality.

Pursuant to N.J.S.A. 40A:20-10(d), the Borough shall be entitled to an administrative fee of two (2%) percent of the then-existing Annual Service charge, for the processing of any such request for the transferred its Project to another urban renewal entity.

The Borough recognizes and acknowledges that the Entity is a New Jersey limited partnership and as such intends to sell limited partnership interests in the Entity through syndication. The Borough specifically recognizes and consents to such syndication and sale or resale of limited partnership interests in the Entity.

20. Where approval or consent of the Borough is sought for an assignment of the Agreement, either the Entity or its assignee shall be required to pay to the Borough a reasonable fee

for the legal services of the Borough's Attorney, as determined by the Borough Attorney, related to the review, preparation, and/or submission of papers to the Borough Council for its appropriate action on the request assignment.

21. Reference to the Long Term Exemption Law shall mean N.J.S.A. 40A:20-1, et seq., as amended and supplemented.

22. The Entity shall, from the time the Annual Service Charge becomes effective, and on the same due dates as scheduled for the payment of land taxes, pay the Borough the estimated one-quarter (1/4) of the Annual Service Charge on improvements until the correct amount due from the Entity as the Annual Service Charge on improvements is determined after any review and examination by the Borough of the Entity's books and records and for submission to Borough of any auditor's reports pursuant to Paragraphs 12 and 13, above.

Within sixty (60) days after the correct amount due and from the Entity as the Annual Service Charge on Improvements has been determined by the Borough's Chief Financial Officer and notice of same given to the Entity, the Borough and the Entity will adjust and pay any over or under payment so made, or needed to be made.

23. All conditions in the Ordinance of the Borough Council approving this Agreement are hereby incorporated in this Agreement and made a part hereof.

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

ATTEST:

Citadel Wellwood Urban Renewal, LLC

By: _____
Richard DePetro, Managing Member

ATTEST:

**BOROUGH OF MERCHANTVILLE, a
Municipal Corporation**

Denise Brouse, Borough Clerk

By: _____
Frank M. North, Mayor

EXHIBIT B

FINANCIAL AGREEMENT

**FINANCIAL AGREEMENT PURSUANT TO THE LONG
TERM TAX EXEMPTION LAW, N.J.S.A. 40A:20-1, ET SEQ.
BETWEEN THE BOROUGH OF MERCHANTVILLE AND
CITADEL WELLWOOD URBAN RENEWAL, LLC**

THIS FINANCIAL AGREEMENT (hereinafter, the "Agreement"), made this ____ day of _____, 2012, between Citadel Wellwood Urban Renewal, LLC, an urban renewal limited liability company of the State of New Jersey having its principal office at c/o DePetro Real Estate Organization, LLC, 201 Union Lane, Suite B, Brielle, New Jersey, herein designated as the "Entity," and the Borough of Merchantville, a municipal corporation in the County of Camden, and the State of New Jersey, hereinafter designated as the "Borough."

WITNESSETH:

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

1. Pursuant to N.J.S.A. 40A:20-9(h), at all times this Agreement shall be subject to and governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq., (the "LTTE"). It being expressly understood and agreed that the Borough relies upon the facts, data, and representations of the Redeveloper of the Wellwood Manor project for Tax Abatement pursuant to the Long Term Tax Exemption Law, 40A:20-1, et seq., (hereinafter, the "Application") attached hereto. The Entity shall at all times prior to the expiration or other termination of this Agreement remain bound by the provisions of the LTTE. Operation under this Agreement shall be terminable by the Entity in the manner provided by the LTTE.

2. The Borough has granted and does hereby grant its approval for an urban renewal project, the nature, magnitude and description of which is disclosed in the Facilities Assessment

Report and Addendum thereto, to be redeveloped under the provisions of the LTTE on the land described as and commonly known on the Official Tax Map of the Borough of Merchantville as Block 9, Lots 2 and 3 at 606 West Maple Avenue, Merchantville, New Jersey (hereinafter, the "Project"). The Borough finds that the redevelopment of the Project creates a substantial benefit to the Borough, when compared to costs, if any, associated with the tax exemption granted herein and, further, finds that such tax exemption is of significant importance in obtaining the development of the Project and in influencing the locational decisions of probable occupants of the Project.

(a) The Project is a fifty-four (54) unit housing project, comprised of studio, one and two bedroom apartments. The existing building will be rehabilitated and no existing tenants will be displaced.

(b) The project is part of the West Maple Redevelopment Area in Merchantville, and Citadel Wellwood Urban Renewal, LLC has been named Redeveloper of the Project. The subject property is in a state of disrepair and has been so for many years, and is a blighting influence on the neighborhood. The Project will preserve the building and return it to productive use for the community.

(c) The Project's proposed sources and uses are set forth in Exhibit A, attached hereto and made a part hereof.

(d) The proposed rents and the proposed operating expenses are set forth in Exhibits B and C, respectively, attached hereto and made a part hereof.

3. Approval hereunder is granted to the Entity for the undertaking of the Project on the lands referred to above, which shall in all respects comply and conform to all applicable statutes and municipal ordinances, and the lawful regulations made pursuant thereto, governing land, building(s)

and the use thereof, and which Project is more particularly described in the accompanying Application.

4. Pursuant to N.J.S.A. 40A:20-9(b), the Project to be redeveloped by the Entity shall be exempt from taxation on improvements in accordance with the provisions of the LTTE and in the manner provided by this Agreement beginning on the date hereof and for a term of fifteen (15) years from the completion of the entire Project, with options to renew this tax exemption for three (3) separate option stages, that being for years 16 through 20 (first option stage), for years 21 through 25 (second option stage), and for years 26 through 30 (third option stage), but not more than thirty-five (35) years from the execution of this Agreement, and only so long as the Entity and its Project remain subject to the provisions of the LTTE and complies with this Agreement.

5. Pursuant to N.J.S.A. 40A:20-9(c), and in consideration of the aforesaid exemption from taxation on improvement(s), the Entity, its successors and assigns shall make payment to the Borough for municipal services supplied to the Project of an annual service charge (hereinafter, the "Annual Service Charge") of a sum equal to seven percent (7.00%) of the annual gross revenue determined pursuant to N.J.S.A. 40A:20-1, et seq., calculated from the first day of the month following the substantial completion of the Project. This sum shall be in an amount not less than the sum indicated in Exhibit D of this Agreement as the "Minimum PILOT Payment" for that particular calendar year. There is hereby established a schedule of Annual Service Charges to be paid over the term of the fifteen (15) year exemption period, and the three (3) respective five (5) year optional exemption periods, which shall be in stages as follows:

(a) For the first exemption period, fifteen (15) years, commencing from the date of substantial completion of the Project, the Entity shall pay the Borough an Annual Service charge

equal to seven percent (7.00%) of the annual gross revenue, as set forth in and subject to the provisions of Section 5, above.

(b) Within six (6) months of the termination of this first exemption period, the Entity may make application to the Borough for extension of the LTTE for three (3), respective five (5) year optional exemption periods, at which time the Borough may extend in any or all of the stages, as set forth below. Pursuant to N.J.S.A. 40A:20-10(d), the Borough shall be entitled to an administrative fee of two (2%) percent of the then-existing Annual Service charge, for the processing of any such request for the continuation of the LTTE. In the optional exemption periods, the Annual Service Charge shall be determined as follows:

(1) For the first option stage, which shall be for years sixteen (16) through twenty (20) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or twenty percent (20%) of the amount of taxes otherwise due on the value of the land and improvements whichever shall be greater;

(2) For the second option stage, which shall be for years twenty-one (21) through twenty-five (25) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or forty percent (40%) of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(3) For the third option stage, the Entity shall pay the Borough as follows:

(a) for years twenty-six (26) through twenty-eight (28) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount

determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or sixty percent (60%) of the amount of taxes otherwise due on the value of the land and improvements whichever shall be greater; and

(b) for years twenty-nine (29) through thirty (30) of the optional exemption period, the Entity shall pay the Borough an amount equal to either the amount determined pursuant to Paragraph 5(a) of this Agreement, subject to the provisions of Section 5, above, or eighty percent (80%) of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

The Annual Service Charge shall be paid to the Borough on a quarterly basis in a manner consistent with the Borough's tax collection schedule. In addition to the Annual Service Charge, and pursuant to N.J.S.A. 40A:20-10, the Borough shall be entitled to an annual administrative fee of two (2%) percent of the then-existing Annual Service charge.

For the purposes of subsections (b) through (e) of Paragraph 5, above, "the amount of taxes otherwise due on the value of the land and improvements" for calculation of the minimum Annual Service Charge, shall be the amount of the total taxes in that tax year which would have been levied against the land and improvements covered by the Project had the property been subject to *ad valorem* taxation, should the amount determined pursuant to Paragraph 5(a) of this Agreement be less than the minimum Annual Service Charge.

6. The Annual Service Charge for the first year of tax exemption shall be on a pro rata basis, from the date of commencement of the exemption to the close of the calendar year, and, for the last calendar year of the tax exemption, from the first day of the calendar year to the date of termination of the exemption. Upon the termination of the exemption granted pursuant to the

provision of the LTTE, the Project, all affected parcels, and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the Borough. After the date of termination, all restrictions and limitations upon the Entity shall terminate and be at an end upon the Entity's rendering its final accounting to and with the Borough.

7. Pursuant to N.J.S.A. 40A:20-9(f), in the event of a breach of the Agreement by either of the parties hereto, or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may submit the matter to the American Arbitration Association for resolution by arbitration or any other alternative dispute resolution recognized by the Superior Court of New Jersey to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the LTTE.

In the event of a default on the part of the Entity pursuant to its obligation to pay the Annual Service Charge as defined in Paragraph 6 above, the Borough may terminate the tax exemption if the default is not remedied within sixty (60) days of the due date of the Annual Service Charge and may proceed against the Entity's land and improvements that are the subject of this Agreement, in the manner provided by N.J.S.A. 54:5-1 to 54:5-129 and any act supplementary or amendatory thereof, it being understood and agreed by the parties hereto that throughout N.J.S.A. 54:5-1 to 54:5-129 and any act supplementary or amendatory thereof, whenever the word "taxes" appears, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provision 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 any event, however, the Entity does not waive any defense it may have to contest the right of the Borough to proceed in the above-mentioned manner by conventional or in rem tax foreclosure.

8. Pursuant to N.J.S.A. 40A:20-9(g), it is agreed between the parties that the Entity, at any time after the expiration of one (1) year from the completion of the Project, may notify the Borough Council of the Borough that, as of a certain date designated in the notice, it relinquishes its status under the LTTE, and that the entity has obtained the consent of the Commissioner of the Department of Community Affairs to such a relinquishment. As of that date, the tax exemption, the service charges, and the profit and dividend restrictions shall terminate. The date of termination of the tax exemption, whether by relinquishment by the Entity or by terms of this Agreement, shall be deemed the close of the fiscal year of the Entity. Within sixty (60) days of that date, the Entity shall pay to the Borough the amount of reserve, if any maintained, pursuant to Section 15 or 16 of the LTTE, as well as the excess net profits, if any, payable as of that date.

9. Pursuant to N.J.S.A. 40A:20-9(a), the Entity shall be subject, during the period of this Agreement and tax exemption under the LTTE, to a limitation of its profits and in addition, in the case of a corporation, of the dividends payable by it. Whenever the net profits of the Entity for the period, taken as one accounting period, commencing on the date on which the construction of the Project is completed and terminating at the end of the last full fiscal year, shall exceed the allowable net profits for the period, the Entity shall, within sixty (60) days of the close of the fiscal year, pay the excess net profits to the Borough as an additional service charge. From the excess profits, the Entity may maintain during the term of this Agreement a reserve against vacancies against unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten percent (10%) of the gross annual 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.

10. Within sixty (60) days after the date of such termination, the Entity shall pay the Borough a sum equal to the amount of the reserve, if any, maintained pursuant to N.J.S.A. 40A:20-15 and 40A:20-16, as well as the excess net profits, if any, payable as of that date.

11. Pursuant to N.J.S.A. 40A:20-9(d), the Entity shall submit annually, within ninety (90) days after the close of each of its fiscal years, its auditor's reports of income and expenses related to the Project to the Mayor and Borough Council of the Borough and to the Director of Local Government Services in the Department of Community Affairs having a mailing address of CN-805, Trenton, NJ 08625-0805.

12. Pursuant to N.J.S.A. 40A:20-9(e), the Entity shall, upon request, permit inspection of the property, equipment, buildings and other facilities of the Entity by authorized representatives of the Borough or the State. The Entity shall also permit examination and audit of its books, contracts, records, documents and papers by authorized representatives of the Borough or the State at the Entity's expense. Such inspection or examination shall be made during the reasonable hours of the business day, in the presence of an officer or agent of the Entity.

13. Pursuant to N.J.S.A. 40A:20-9(e), after examination of the books, contracts, etc. as set forth Paragraph 12, the Borough, in its reasonable discretion, may, within ninety (90) days after the close of any fiscal or calendar year (depending on the Entity's accounting basis) in which this Agreement remains in effect, require the Entity to submit an auditor's report for the preceding fiscal or calendar year, certified by a certified public accountant, to the Mayor, the Borough Council, the Borough's Chief Financial Officer and the Clerk of the Borough. Said auditor's report shall include, but not be limited to, such details as may related to the Project's cost and to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the LTTE, as amended and

supplemented, and this Agreement, and shall be prepared in a manner consistent with the current standards of the Financial Accounting Standards Board. Said auditor's report shall be submitted to the representatives of the Borough mentioned above within 90 days of receipt by the Entity of the Borough's request for said auditor's report.

14. Pursuant to N.J.S.A. 40A:20-9(g), the failure on the part of the Entity to make timely payment of all municipal obligations, taxes, fees and charges arising out of this Agreement or in any way arising out of the affected Project, its land and/or improvements, or failure on the part of the Entity to comply with the requirements of the aforementioned audit, or with any other substantive condition of this Agreement shall permit the Borough to exercise such remedies as may be provided by the LTTE or this Agreement provided that this Entity shall have received from the Borough a Notice of Default and Intent to Terminate in which case the Entity shall have sixty (60) days in which to cure any default and avoid such termination. In the event of any dispute between the parties matters in controversy shall be resolved by arbitration as provided in this Agreement.

15. Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, or by a nationally recognized overnight delivery service, addressed as follows:

(a) When sent by the Borough to the Entity it shall be addressed to: Citadel Wellwood Urban Renewal Co., LLC, 201 Union Lane, Suite B, Brielle, New Jersey 08730, unless prior to giving such notice the Entity shall have notified the Borough otherwise in writing.

(b) When sent by the Entity to the Borough, it shall be addressed to the Borough Clerk, One West Maple Avenue, Merchantville, New Jersey 08109, unless prior to giving such notice the Borough shall have notified the Entity otherwise in writing.

16. In further consideration for this Agreement, the Entity specifically agrees not to make application to the Borough for the collection of the trash and recycling generated by the property, or make application for reimbursement of trash and recycling services contracted by the Entity, pursuant to N.J.S.A.40:67-23.2 et seq.

17. It is understood and agreed that in the event the Borough shall be named as a 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 Borough harmless and shall, further, defend any such action at its own expense. The Borough maintains the right to intervene as a party thereto, to which intervention the Entity consents, the expense thereof to be borne by the Borough.

18. The Entity shall have and may exercise such of the powers conferred by law on limited partnerships as shall be necessary for the operation of the business of the Entity and as shall be consistent with the provisions of the LTTE, and, in addition, shall have and may exercise the powers set forth in the LTTE, but only so long as this Agreement, together with any amendments thereto, is in effect with the Borough pursuant to the LTTE.

19. The Borough specifically enters into this Agreement for the benefit of the Project with Citadel Wellwood Urban Renewal, LLC, and its managing member, Richard DePetro. The sale of the Project by the Entity, or the sale of the interests of the managing member of the Entity, the sale of the Entity, or the sale of the majority interest in the Entity, shall render this Agreement null and void, unless the assumption of the terms, conditions and obligations of this Agreement by the transferee urban renewal entity person, partnership and/or corporation, is approved by Resolution of the Borough Council of the Borough of Merchantville, upon whose approval this Agreement and its then

remaining obligations and the tax exemption of the improvements shall continue, and inure to the benefit of the transferee urban renewal entity.

It is understood and agreed that the Borough may, on written application by the Entity, consent to a sale of the Project and the transfer of the Agreement to an urban renewal person, partnership and/or corporation eligible to function under the law provided the Entity is not in default as respects any performance required of it hereunder and full compliance with the terms and conditions of N.J.S.A. 40A:20-1, et seq. has occurred and the Entity's obligation under this Agreement with the Borough is assumed by the transferee.

If the Entity has, with the consent of the Borough in which the Project is located, transferred its Project to another urban renewal entity which has assumed the then remaining contractual obligations of the transferor entity with the Borough, the transferor entity shall be discharged from any further obligation under this Agreement, and shall be qualified to undertake another Project with the same or a different municipality.

Pursuant to N.J.S.A. 40A:20-10(d), the Borough shall be entitled to an administrative fee of two (2%) percent of the then-existing Annual Service charge, for the processing of any such request for the transferred its Project to another urban renewal entity.

The Borough recognizes and acknowledges that the Entity is a New Jersey limited partnership and as such intends to sell limited partnership interests in the Entity through syndication. The Borough specifically recognizes and consents to such syndication and sale or resale of limited partnership interests in the Entity.

20. Where approval or consent of the Borough is sought for an assignment of the Agreement, either the Entity or its assignee shall be required to pay to the Borough a reasonable fee

for the legal services of the Borough's Attorney, as determined by the Borough Attorney, related to the review, preparation, and/or submission of papers to the Borough Council for its appropriate action on the request assignment.

21. Reference to the Long Term Exemption Law shall mean N.J.S.A. 40A:20-1, et seq., as amended and supplemented.

22. The Entity shall, from the time the Annual Service Charge becomes effective, and on the same due dates as scheduled for the payment of land taxes, pay the Borough the estimated one-quarter (1/4) of the Annual Service Charge on improvements until the correct amount due from the Entity as the Annual Service Charge on improvements is determined after any review and examination by the Borough of the Entity's books and records and for submission to Borough of any auditor's reports pursuant to Paragraphs 12 and 13, above.

Within sixty (60) days after the correct amount due and from the Entity as the Annual Service Charge on Improvements has been determined by the Borough's Chief Financial Officer and notice of same given to the Entity, the Borough and the Entity will adjust and pay any over or under payment so made, or needed to be made.

23. All conditions in the Ordinance of the Borough Council approving this Agreement are hereby incorporated in this Agreement and made a part hereof.

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

ATTEST:

Citadel Wellwood Urban Renewal, LLC

By: _____
Richard DePetro, Managing Member

ATTEST:

**BOROUGH OF MERCHANTVILLE, a
Municipal Corporation**

Denise Brouse, Borough Clerk

By: _____
Frank M. North, Mayor

EXHIBIT A

PROPOSED SOURCES AND USES OF FUNDS

Wellwood Manor
54 UNITS

Camden County
Merchantville, New Jersey

FINANCING SOURCES

TOTAL PROJECT COSTS				Total
				\$3,385,853
PROJECTED FINANCING	<u>per unit</u>		<u>%</u>	<u>Per Unit</u>
Permanent Loan		\$2,420,000	71%	
County HOME Funds	\$2,781	\$150,179	4%	
NJDCA HOME/FHLB,NY	\$8,835	\$477,089	14%	
Equity		\$338,585	10%	
 TOTAL SOURCES:		 \$3,385,853	 100%	
	(GAP)/Surplus	(S0)		

Wellwood Manor
54 UNITS

Camden County
Merchantville, New Jersey

=====

DEVELOPMENT BUDGET

ACQUISITION

			Per Unit
	Land and Building	\$270,000	
	Other	\$137,000	
	Sub-total	<u>\$407,000</u>	\$7,537

CONSTRUCTION COSTS

	Residential Construction	\$1,850,184	
	General Conditions/Permits	\$90,000	
	Overhead/Profit	\$187,528	
	Bond	\$37,000	
	Sub-total	<u>\$2,164,712</u>	\$40,087

CONTINGENCY

	Hard Cost Contingency	<u>\$185,018</u>	\$3,426
	Sub-total	<u>\$2,349,730</u>	

PROFESSIONAL FEES

	Appraisal(s) and Market Study	\$10,000	
	Green Consulting	\$0	
	Architect	\$5,000	
	Legal	\$35,000	
	Environmental Consultant	\$5,000	
	Accounting/Cost Certification	\$7,000	
	Professional Planner	\$50,000	
	Survey	\$5,000	
	Engineer	<u>\$5,000</u>	
	Sub-total	<u>\$122,000</u>	\$2,259

FINANCING & RELATED CHARGES

		\$2,530,841	50% outstanding	12 mos
	Interest During Const.	\$75,925		6%
	Financing Fees	\$27,694	1.0%	0.50%
	Bank Fees/charges	\$33,250		
	Title and Recording Expenses	\$25,000		
	Taxes During Construction	\$54,000		
	Insurance	\$278		
	Utility Connection Fees/ Utility Charges	\$0		
	Sub-total	\$230,869		\$4,275

SUB TOTAL: DEVELOPMENT COSTS

\$3,109,599 \$57,585

	Developer fee	\$205,462	4%	7%
	Marketing Expense	\$5,000		
	Working Capital During construction	\$65,792		

TOTAL PROJECT COSTS

\$3,385,853 \$62,701



April 10, 2012

Richard DePetro
Citadell Wellwood, LLC
201 Union Lane
Brielle, NJ 08730

Re: Construction Loan to Citadel Wellwood, LLC
Mortgaged Property: 606 West Maple Avenue
Borough of Merchantville, Tax Block: 9, Lot: 2,3,4
County of Camden, State of New Jersey 08109

Dear Mr. DePetro:

We are pleased to advise you that INVESTORS BANK (hereinafter, the "Bank") has approved a construction loan to the Borrower (described below), subject to the terms and conditions set forth herein.

CONSTRUCTION LOAN

Borrower: Citadel Wellwood, LLC, a Limited Liability Company of the State of New Jersey

Guarantor: Repayment of the Loan, performance of the Borrower's obligations, and lien-free completion of the Project shall be unconditionally and absolutely, jointly and severally guaranteed by:

Richard DePetro, (the "Guarantor"), having an address of 465A Laurel Brook Dr., Brick, NJ 08723, and

Adam Gioia, (the "Guarantor"), having an address of 11 Christie Lane, Freehold, NJ 07728, and

Roseanne Gioia, (the "Guarantor"), having an address of 119 Lulow Ave., Spring Lake, NJ 07762

Principal Amount: \$2,250,000 which shall not exceed a 75% LTV based on the "As Complete & Stabilized - Rental" value of the property. Funds are to be allocated as follows:

Construction: \$1,500,000 100% of Hard Cost budget
Permanent: \$2,250,000 (includes add'l \$750,000 to be advanced at permanent conversion, subject to completion and stabilization)

Project/Purpose: To provide funds for Building Construction, and Permanent Take-out financing, to redevelop a 3-story, 54-unit apartment building located in Merchantville, Camden County, NJ

<u>Term:</u>	Eighteen (18) months.
<u>Advances:</u>	Building Construction advances shall not exceed 100% of the approved building construction budget. Total advances shall not exceed a maximum 75% of appraised value, "As Complete & Stabilized - Rental", to be determined.
<u>Land:</u>	None
<u>Site:</u>	None
<u>Construction:</u>	\$1,500,000
<u>Interest Rate:</u>	Variable at Prime Rate + 1.0%, but not less than 6.00%. "Prime" is described as the prime rate of interest as published from time to time in the Wall Street Journal (the "Prime Rate"). If more than one prime interest rate is published in the Wall Street Journal for a day, the average of the prime rates will be used. The prime rate shall be rounded up the nearest 1/4 of 1%. Interest shall be calculated using a time factor of 365 days (366 days in a leap year). Interest only is to be payable monthly on the first day of each month for funds used and outstanding during the previous month.
<u>Interest Reserve Escrow Account:</u>	Borrower shall establish an Interest Reserve Escrow deposit account in the minimum amount of \$100,000 to be debited for Interest payments during the construction term of the loan. Account shall be pledged as add'l collateral. Advances from such account shall cease if construction progress stands idle for more than 60 days.
<u>Construction Loan Commitment Fee:</u>	Borrower shall pay to the Bank a non-refundable commitment fee of \$15,000 representing 1% of the construction loan amount in consideration for the issuance of this commitment, which commitment fee shall be paid upon the signing and returning of this commitment. It is understood and agreed that should Borrower fail to close the loan for any reason within Borrower's control, the Bank shall be entitled to retain the commitment fee as liquidated damages.
<u>Exit Fee:</u>	1% of the Construction loan amount shall be due if the Borrower does not to convert to the Permanent terms provided for herein, or upon sale of the subject property to a non-related 3rd party purchaser.
<u>Late Charges:</u>	If any installment of principal, interest and escrow is not paid within fifteen (15) days of the due date, a late charge of 5% of the amount due shall be charged by the Bank.
<u>Post Maturity/Default Interest:</u>	Upon the occurrence of an Event of Default or after the Maturity Date, whether or not the Bank has elected to accelerate the indebtedness evidenced by this Note, the Loan Shall bear interest, payable on demand, at a rate, per annum, determined on a daily basis, calculated at the rate set forth above plus five hundred basis points (500 bp) per annum (the "Default Rate"), but in no event more than the highest rate

permitted by the applicable usury law in respect to the Borrower, until the unpaid balance of the Note and interest shall have been paid in full. Borrower acknowledges that (i) the Default Rate is a material inducement to the Bank to make the Loan; (ii) the Bank would not have made the Loan in the absence of the agreement of Borrower to pay the Default Rate; (iii) the Default Rate represents compensation for increased risk to the Bank that the Loan will not be repaid, and (iv) the Default Rate is not a penalty and represents a reasonable estimate of (a) the cost to the Bank in allocating its resources (both personal and financial) to the ongoing review, monitoring, administration and collection of the Loan, and (b) compensation to the Bank for losses that are difficult to ascertain.

Mortgaged Property: Property consists of an existing 3-story, 54-unit apartment building, to be substantially renovated, and comprising of a total of approx. 25,647sf, located at 606 West Maple Avenue, Borough of Merchantville, Camden County, NJ, 08109 Block: 9, Lot: 2, 3 ~~AG~~ (AG) (AG) AG

Security for the Loan:

The Loan shall be evidenced by a note (the "Note") and secured by a first mortgage (the "Mortgage") on the Mortgaged Property which shall be a valid first lien on good, unencumbered and marketable title in fee simple to the Mortgaged Property. The Loan shall also be secured by (a) a security interest duly perfected under the Uniform Commercial Code, subject to no prior or superior interest, covering all equipment, fixtures, fittings, appliances, apparatus, chattels and articles of personal property now or at any time hereafter affixed to, attached to, installed at, placed upon or in any way used in connection with the operation of the Mortgaged Property, and any and all replacements thereof and additions thereof, (b) an absolute assignment of all leases, rents and profits of the Mortgaged Property, including any Affordable Housing Contracts affecting the property, and (c) all other security instruments and interests referred to in this commitment. (d) a collateral assignment of the Investors Bank Interest Reserve Escrow account to be established. All documents relating to the Loan must and shall constitute legal, valid and binding obligations of Borrower, enforceable in accordance with their terms and conditions, and free from any right of setoff, counterclaim or other defense.

Bank will permit subordinate soft 2nd mortgage liens to Camden County and the NJ DCA for certain grant funds awarded to the subject property for redevelopment of same.

Plan and Specifications:

Final and complete plans and specifications including architectural, structural, mechanical, plumbing and electrical shall be submitted to and approved by the Bank prior to the commencement of construction. No revision of the approved plans and specifications may be made without prior written approval from the bank, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, no approval of the bank shall be required for any revision to the approved plans and specifications if such revision would increase the cost of the project by less than \$50,000.

Construction
Advances:

All disbursements of funds made after the loan closing will be credited to a deposit account in the Borrower's name at the Bank. As a condition prior to the first advance of construction funds, the Bank will require confirmation from the project architect and our supervising engineer that the subject loan proceeds plus the Borrower's equity are sufficient to complete the proposed construction. The Bank shall advance funds to the Borrower in phases on a monthly basis based on work in place pursuant to a schedule to be determined prior to closing. The Bank will supervise advances with the assistance of an inspecting engineer who will examine the work, report findings to Bank and approve Borrower's request. Monitoring includes controlling disbursements, title updates, approval of change orders and securing lien waivers from subcontractors and trades. The Bank shall hold a retainage of 10% of each advance and release same upon completion of the construction project, as such completion has been certified by the Borrower, Borrower's architect and Bank's supervisory engineer, and upon receipt of a final certificate of occupancy. (A temporary CO will be acceptable)

Appraisal:

An appraisal of the Mortgaged Property will be ordered by the Bank at the Borrower's expense. The completed appraisal must be satisfactory to the Bank in terms of amount and physical condition. The appraised value must margin the loan at no more than 75% of value. The appraisal fee is the Borrower's responsibility and a \$5,000 deposit for the cost has been received by the Bank.

PERMANENT LOAN

Permanent Term
Conversion
Requirements:

Conversion to a Permanent Term shall commence upon achievement of the following conditions, satisfactory to the Bank:

1. Evidence of a valid certificate of occupancy (a temporary certificate of occupancy will be acceptable) for the completion of the subject building, acceptable to the Bank,
2. Certified rent roll evidencing a minimum 90% tenant occupancy and paying rent,
3. A minimum 1.25x Debt Service coverage, to be determined by the Bank,
4. Satisfactory receipt of all required construction advance criteria.

Loan Amount:

\$2,250,000

Term:

10 years from date of conversion to permanent, subject to a rate reset after 5 years

Amortization:

Three Hundred (300) months

Interest Rate:

The interest rate will be fixed for sixty (60) months (the "Initial Fixed Rate Term") at a rate calculated by adding Two-hundred seventy-five (275) basis points (2.75%) (the "Margin") to the Current Index (defined below) and rounding up to the nearest one-eighth of one percent (0.125%) (the "Initial Interest Rate"). Interest shall be

calculated using a time factor of 365/360 (366 in a leap year).

The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of five (5) years as made available by the Federal Reserve Board. The most recent Index figure available as of the date forty-five (45) days prior to the interest rate change date is called the "Current Index." If the Index is no longer available, the Bank will select a new index which is based on comparable information. The Bank will give the Borrower notice of these changes. In no event will the Initial Interest Rate be less than 4.50% per annum.

The payment change date will be sixty (60) months from the first payment date. The interest rate change date will be fifty-nine (59) months from the first payment date.

The following will be the basis for the change in the interest rate:

The new interest rate will be calculated by adding Two-hundred seventy-five (275) basis points (2.75%) (the "Margin") to the Current Index (defined below) and rounding up to the nearest one-eighth of one percent (0.125%) (the "Adjusted Interest Rate").

The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of five (5) years as made available by the Federal Reserve Board. The most recent Index figure available as of the date forty-five (45) days prior to the interest rate change date is called the "Current Index." If the Index is no longer available, the Bank will select a new index which is based on comparable information. The Bank will give the Borrower notice of these changes. In no event will the Adjusted Interest Rate be less than 4.50% per annum.

Repayment:

Repayment of the Loan shall be made by you in monthly payments of principal and interest in an amount as calculated by the Bank. Such monthly payments shall commence on the first day of the second full calendar month following the Closing Date unless otherwise provided herein and must continue to be made by you on the first day of each month thereafter throughout the remaining term of the Loan. The final payment shall include all unpaid principal, interest, advances, if any, and such other sums then due under the Loan. Monthly payments prior to maturity shall be applied first, to advances and other charges due in connection with the Loan; second to late charges due; third, to interest due; and the balance, if any, to principal unless otherwise provided herein. At closing, interest will be paid from the date of closing to the end of the month.

All monthly payments will be debited from a checking account in the

Borrower(s) name at the Bank. This checking account will serve as the operating account for the mortgaged property being financed.

Permanent Loan
Commitment Fee:

Borrower shall pay to the Bank a Permanent Loan fee of \$3,750, representing ½% of the additional \$750,000 to be advanced which shall be due upon conversion to Permanent Term.

Accumulations:

You agree to establish an escrow account with us at closing with an initial deposit in an amount as estimated by us, for the payment as may be applicable for taxes, assessments, ground rentals and any other similar charges. Thereafter, you shall be required to make monthly deposits into such escrow account in amounts estimated by the Bank from time to time for such payments. Such deposits shall not bear interest.

Prepayment Penalty:

The principal balance may be pre-paid at any time, in whole or in part, subject to payment of a fee as follows:

- 3% of the principal repayment in years 1 and 6
- 3% of the principal repayment in years 2 and 7
- 2% of the principal repayment in years 3 and 8
- 2% of the principal repayment in years 4 and 9
- 1% of the principal repayment in years 5 and 10

The prepayment fee will be assessed on the amount of the principal prepayment at the time the loan is prepaid. No prepayment penalty shall be due in the event of involuntary prepayment as a result of the bank's receipt of condemnation award or casualty proceeds. No prepayment will be assessed if paid off during the last 90 days of the initial or second 5 yr loan term.

Late Charges:

If any installment of principal, interest and escrow is not paid within fifteen (15) days of the due date, a late charge of 5% of the amount due shall be charged by the Bank.

Post
Maturity/Default
Interest:

Upon the occurrence of an Event of Default or after the Maturity Date, whether or not the Bank has elected to accelerate the indebtedness evidenced by this Note, the Loan Shall bear interest, payable on demand, at a rate, per annum, determined on a daily basis, calculated at the rate set forth above plus five hundred basis points (500 bp) per annum (the "Default Rate"), but in no event more than the highest rate permitted by the applicable usury law in respect to the Borrower, until the unpaid balance of the Note and interest shall have been paid in full. Borrower acknowledges that (i) the Default Rate is a material inducement to the Bank to make the Loan; (ii) the Bank would not have made the Loan in the absence of the agreement of Borrower to pay the Default Rate; (iii) the Default Rate represents compensation for increased risk to the Bank that the Loan will not be repaid, and (iv) the Default Rate is not a penalty and represents a reasonable estimate of (a)

the cost to the Bank in allocating its resources (both personal and financial) to the ongoing review, monitoring, administration and collection of the Loan, and (b) compensation to the Bank for losses that are difficult to ascertain.

Leases:

It is a condition precedent to the closing of the Loan that all of the leases specified in Exhibit "A", attached hereto, shall be in existence as of the Closing Date, with each such tenant there under being in occupancy, being in possession, paying the stipulated rent, and having unconditionally accepted the premises. None of such leases shall be in default or be subject to any bankruptcy or insolvency proceedings by or against the tenant or any guarantor of the tenant's obligations. Such leases and tenants must be satisfactory to the Bank and our counsel. You agree to deliver the original or a fully executed duplicated original of each such commercial lease, where applicable, and any amendment, modification and/or assignment thereof, no later than ten (10) days prior to Closing Date. Together with each such commercial lease, you shall deliver to the Bank from each tenant specified in Exhibit "A", a Tenant Estoppel Letter, which shall be satisfactory to the Bank as to contents and execution.

Account Establishment:

The establishment of an operating account with Investors Bank for the deposit of all rents received and expenses paid relating to the subject property to be opened and funded at loan closing. Failure to maintain this account will result in a ½ of 1% increase of the interest rate on the loan.

The establishment of a rent security account with Investors Bank to be opened and funded at loan closing with an initial deposit equal to the security deposits per the leases or rent roll statements. Failure to maintain this account will result in a ½ of 1% increase of the interest rate on the loan.

1. Borrower to provide a schedule of actual, in-place security deposits prior to closing.

Applicable Law:

This commitment and loan contemplated hereunder shall be governed by New Jersey law.

Term of Commitment:

This commitment must be accepted in full by *April 25, 2012* otherwise, this commitment will be construed to have expired and shall be null and void and of no effect.

Changes and Amendments:

No changes in the provisions of this commitment and/or addendum to this commitment shall be valid or binding unless the Bank acknowledges and confirms in writing.

Commitment
Expiration Date:

This loan commitment will expire in 60 days from the date of the issuance of this commitment letter if the loan is not closed prior to that date. Any extension of the expiration date must be made in writing and may be subject to an extension fee.

Loan Closing
Location:

Closing shall take place at the office of the Bank's attorney:

Michael Bruno, Esq.
GIORDANO, HALLERAN & CIESLA, PC
125 Half Mile Road
Red Bank, New Jersey 07701

Financial
Information:

The Borrower, on an annual basis within 90 days of the calendar year end, shall deliver to the Bank, a) a signed current personal financial statement of the principal(s), certifying his respective financial condition as of the date of the financial statement, and b) an operating statement of the mortgaged property security signed by the principal certifying the accuracy of the statement. The Borrower on an annual basis within 30 days of the filing date, shall deliver to the Bank a copy of the Federal Income Tax Return for each Borrower and Guarantor.

Other Information:

The Borrower shall present to the Bank copies of marketing material, reports, strategies and studies for the project, if any, on a continuing basis.

This provision of the commitment is further subject to the provisions of the Construction Loan Agreement.

As a condition to closing, the Borrower will provide documents reasonably acceptable to the Bank to indicate the satisfaction of each of the following conditions:

1. Prior to closing, the Bank will require a satisfactory plan and cost review by its construction engineer, Andrew Janiw of Beacon Planning and Consulting Services, Tel. 732-845-8103 prior to commencement of the loan, to the satisfaction of the Bank at the Borrowers cost estimated at \$2,750. Additionally, Mr. Janiw will review the site and construction as it progresses and report findings to the Bank. Construction advances will also be reviewed and approved by the Bank's engineer at a cost of \$650/inspection. All fees for the services of Mr. Janiw will be paid for by the borrower.
2. If applicable, a general contract or construction management agreement with a construction company reasonably satisfactory to the Bank in reasonably satisfactory form and substance.
3. A budget for the construction of the improvements, expected soft costs, furniture, fixtures, and equipment satisfactory to the Bank and its architect, such budget to contain contingency requirements reasonably satisfactory to the Bank. Submission of all contracts and/or bids for construction of the project is also required.
4. An assignment by the borrower to the Bank of all rights, title and interest in the plans, specifications, surveys, construction, architects and engineering contracts, drawings

and all reports and any performance bonds or substitutions thereof used in connection with the construction of the improvements.

5. An undertaking of Borrower's architect and general contractor to continue performance on the Bank's behalf without additional cost beyond the contract price in the event of a default by Borrower under any of the Loan Documents.
6. Borrower represents that to the best of his knowledge he has complied with all laws, ordinances, rules, regulations and restrictions affecting the Premises, the construction of the improvements, the issuance of the Note and the consummation of the transaction contemplated hereby, and all authorizations and permits required by any governmental authority exercising jurisdiction over the Borrower or the construction of the improvements on the premises.
7. Submission to the Bank of all required approvals and a valid building permit, issued by the applicable governmental authority having jurisdiction over construction of the project. Said documents are to be reviewed and approved by the Bank's legal counsel.
8. The Borrower shall allow the Bank to erect a sign or banner on the property which will inform the public that financing is being provided by the Bank. The sign or banner will conform to industry standards and municipal zoning requirement.
9. The borrower will maintain a deposit account at the Bank which will be utilized as the operating account for this project.

Pre-requisites to Loan Closing:

At least ten (10) days prior to the anticipated closing of the mortgage loan the Borrower shall deliver to the Bank's attorney for approval the following items:

- a) **TITLE INSURANCE:** A preliminary report on title and commitment to issue a title insurance policy insuring the first lien priority of the mortgage granted to the Bank under the Loan Documents, subject only to those exceptions approved by counsel for the Bank in its reasonable discretion, with such reinsurance or coinsurance as the Bank may reasonably require. Post Closing, the Bank shall receive said title policy.
- b) **TAX SEARCH:** Real estate taxes shall be paid through current quarter as of closing as evidenced by a copy of receipted tax bill and clear tax search. At all times during the term of the mortgage, the Borrower will keep its interest in the mortgaged property free of liens.
- c) **SURVEY:** A survey of the premises, by a licensed engineer or surveyor, dated or redated not more than thirty (30) days prior to Closing, showing the dimensions and the location of the improvements on the mortgaged property together with all driveways, entrances, easements, and any other items required by the Bank's counsel. The survey must be satisfactory to and insurable without exception by the title company and certified to the Bank, its counsel, and to the title insurance company.
- d) **OWNERSHIP:** A schedule, certified to be true and correct, indicating the name and business address of each principal of the Borrowing entity and percentage of ownership of each principal. Such further documents and evidence concerning the existence and ownership of the Borrower as may be requested by counsel for the Bank shall be supplied to such counsel upon their request.

- e) OPINION OF COUNSEL: A proposed opinion of Borrower's counsel, the original of which shall be delivered at closing, to the effect that the Borrower is an entity duly organized and existing in good standing in the State of New Jersey, that the necessary power and authority exists to permit the Borrower's execution of the Loan Documents, including but not limited to Corporate Resolution, Consent of Shareholders, Certificate of Incumbency; that the persons signing such Loan Documents have been fully authorized to do so and are, in fact, principals of Borrower and that the Loan Documents and the obligations evidenced therein shall be valid and binding obligations upon the Borrower upon execution, and representations as to such other matters the Bank or its counsel require.
- f) CASUALTY INSURANCE: Policies of insurance relating to the Mortgaged Property shall be provided; which shall be satisfactory to the Bank in form, company and amount, and which shall include coverages for fire and extended coverages in the form of a builder's risk - 100 percent non reporting policy (full completed value). Comprehensive general liability insurance shall be furnished in an amount required by the Bank but in no event less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. In addition, plate glass, rental interruption, worker's compensation and employers liability insurance and such other coverage the Bank requires. All such insurance policies shall contain an endorsement requiring the insurer to give Bank at least thirty (30) days prior written notice of intention to cancel or terminate such insurance policies and shall include a satisfactory mortgagee loss payable clause Investors Bank, its successors and/or assigns). Evidence that the premiums on all such policies have been paid for at least one (1) year in advance must be submitted to the Bank together with such policies.
- g) ENTIRE AGREEMENT: Borrower acknowledges that this commitment constitutes the entire agreement between Borrower and the Bank with respect to the loan and any discussions or communications (proceeding or subsequent to the date of this commitment) are superseded hereby.
- h) BORROWER REPRESENTATIONS: The Borrower, by acceptance of this commitment, certifies to the Bank, that the Borrower's are not currently in default of any obligation to a Federally insured institution nor are they a party to any foreclosure action taken by a State or Federally chartered financial institution, or any entity or individual. The Borrower further certifies that they jointly and/or severally, are not subject to any judgment, suit, or claim which might have a potentially diminishing effect on the value of the assets as presented to the Bank in the Borrower's financial statements and financial documents as relied upon by the Bank in approving this credit request. Borrower is not the subject of any bankruptcy, reorganization, or insolvency proceeding. No default has occurred nor is continuing in the performance of any obligation of the Borrower under this Commitment or the Loan Documents.
- i) GOVERNMENTAL PERMITS: Borrower shall provide evidence in form and substance acceptable to Bank, in its sole and absolute discretion, that the premises comply with all applicable zoning, occupancy and use regulations, environmental laws, ordinances, rules, regulations, orders and requirements, whether federal, state, county, regional or municipal, which are applicable to the premises, including but not limited to, laws relating to certificates of occupancy, air, water and noise pollution, handling of toxic substances, underground tank storage and occupational safety and health matters.
- j) ENVIRONMENTAL QUESTIONNAIRE: A completed and signed environmental questionnaire pertaining to the mortgaged property being mortgaged.

k) ENVIRONMENTAL REQUIREMENT: Bank will accept a Phase I Environmental Assessment of the Premises dated August 25, 2011, prepared by Brinkerhoff Environmental Services, Inc., an approved environmental consultant of the Bank. However, prior to closing, the report must be certified to the Bank, at the Borrower's cost. Pursuant to the recommendations of the report, the Bank shall require, prior to closing, the decommissioning of the out-of-service UST by removal or abandonment. The Bank shall also require the remediation/removal of potential asbestos on the property which is to be satisfactorily resolved with Brinkerhoff Environmental oversight during construction. The cost of the Brinkerhoff oversight and review shall be the Borrower's expense. The loan's construction budget contains an allocation for asbestos remediation/removal and shall be advanced as remediated upon written request in form and substance acceptable to the Bank, and upon Brinkerhoff's inspection and acceptance of same.

The Bank reserves the right, in its sole and absolute discretion, to retain, at the Borrower's expense, an independent professional consultant to review any report prepared on behalf or by the Borrower and/or to conduct its own investigation of the Premises, and the Borrower hereby grants to the Bank, its agents, employees, consultants and contractors the right to enter upon the Premises and to perform such tests on the Premises as are necessary to conduct such a review or investigation. The Borrower and Guarantor(s), (as hereinafter defined), if any, shall execute any and all documentation concerning environmental issues as the Bank may request, and such documentation shall include, but not be limited to, an indemnification to the Bank that shall survive foreclosure or a conveyance made pursuant to a deed in lieu of foreclosure, and such documentation shall be satisfactory to the Bank and its counsel. A deposit \$2,500 for environmental assessment is due with the return of this signed commitment.

Lender's Approval of Documents and Title:

The form, substance, content and execution of each and every document evidencing or incident to the closing of the Loan, the Mortgaged Property security or any collateral security incident thereto, the title and evidence thereof, and all questions relating to the validity and priority of the security for the Loan and to zoning, easements, encumbrances, and restrictions shall be determined by and must be satisfactory to the Bank and its counsel.

NOTICE: THE INTERESTS OF THE BORROWER AND LENDER ARE OR MAY BE DIFFERENT AND MAY CONFLICT. THE LENDER'S ATTORNEY REPRESENTS ONLY THE LENDER AND NOT THE BORROWERS. THEREFORE, THE BORROWERS ARE ADVISED TO EMPLOY AN ATTORNEY LICENSED TO PRACTICE LAW IN THE STATE OF NEW JERSEY OF THE BORROWER'S CHOICE TO REPRESENT THE BORROWER'S INTEREST.

Restriction on Assignment:

Neither this Commitment nor the Loan proceeds shall be assignable by the Borrower without the prior written consent of the Bank. Any attempt at such assignment, without such consent, shall be void and, at the Bank's option, be deemed a default.

Restriction on Transfer:

The Bank at its sole discretion, may declare the Loan immediately due and payable in the event of a sale, conveyance, transfer, net leasing or disposition, directly or indirectly, of the

MortgagedProperty or any interest therein, or the sale or transfer of an interest of Borrower (either of record or beneficially).

Assignment by Lender:

This Commitment, the Mortgage Loan, and any permanent or other loan connected with or contemplated by this transaction may be placed, assigned, serviced, and/or participated in (either in whole or in part) by the Bank and/or its successors and assigns. The Bank shall notify the Borrower of any such assignment, servicing transfer or participation.

Additional Financing:

During the term of this Loan, the Borrower shall not obtain any additional financing or use of credit that would incur a lien on the Mortgaged Property or any other collateral related to the Mortgaged Property without the prior written consent of the Bank.

Cancellation and Termination of this Commitment:

The occurrence of any one or more of the following shall, at the option of the Bank, constitute an event of default hereunder, and the Bank reserves the right, without giving any prior notice to the Borrower, to cancel this commitment and terminate its obligations hereunder. Neither the failure nor any delay on the part of the Bank to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other of further exercise thereof, or the exercise of any other right, power or privilege.

- a) If the Borrower fails to observe or perform or abide by any covenant, warranty, agreement, term or provision set forth in this Commitment Letter or any document related hereto, or
- b) The MortgagedProperty shall have been destroyed or damaged, or an adverse change shall have occurred in the income of the mortgagedproperty or in the financial condition of the Borrower or the Guarantor, or a judicial or administrative proceeding shall be pending against Borrower or the MortgagedProperty which, if adversely determined, would, in the opinion of the Bank, affect the security of the Loan.
- c) The filing, by or against the Borrower or Guarantors (if any) or any major credit tenant, of a petition in bankruptcy, or insolvency, or for reorganization, or for the appointment of a receiver or trustee, or the making by the Borrower or Guarantors (if any) of an assignment for the benefit of creditors, or the filing of a petition for arrangement by the Borrower or Guarantors (if any), which petition is not withdrawn or dismissed, or which appointment, assignment or arrangement is not cancelled or termination prior to the expiration of this Commitment.
- d) Any misrepresentation of a material fact upon which this Commitment is issued.
- e) Any title transfer of the Mortgaged Property to any party or ownership in the mortgagors and/or mortgage entity changes in any way.

Borrower's Responsibility for Fees and Expenses:

Borrower's acceptance of this Commitment constitutes its unconditional agreement to pay all fees, costs, charges and expense with respect to the Loan or its making, or in any way connected therewith, including without limiting the generally thereof, the fees and expenses of the Bank's counsel for the preparation of the Loan documentation and the examination of title, survey, tenant leases, etc., and for closing the Loan, appraisal, environmental or engineering reports, title report and title insurance premiums; survey costs; recording and filing fees; credit information charges; documentary stamps; mortgage taxes; fees for any required appraisals, inspections and property review; and any and all other taxes, fees and expenses payable in connection with this transaction. The Bank shall not be required to pay any premium, brokerage fee or commission or similar compensation in connection with this transaction, and Borrower agrees to defend, indemnify and hold Bank harmless against and from any and all claims for any fees, charges, taxes and compensation in connection with the Loan and its making. This provision shall survive the Closing.

The Borrower must pay the Bank's attorney's fees and disbursements in connection with the Borrower's Loan whether or not the Loan closes. The fee will be based upon time expended as necessary to close the Loan transaction in accordance with the terms of this commitment including, but not limited to, review of the Loan commitment, title and other searches, surveys, document preparation, review of the Loan condition compliance, and Loan closing. The fee will be calculated at an hourly rate. Based upon the information provided by the Borrowers to date, the estimated legal fee is \$4,000. The estimated disbursements are \$500.

In the event of unforeseen title or regulatory problems, incomplete submissions by the Borrower's attorney, or a revision of the loan Commitment or the like, the legal fee will be increased by an amount commensurate with the amount of additional time expended.

If the legal fee materially exceeds the estimate, then the Bank will notify the Borrower once the Bank becomes aware of such change. To the extent that it is feasible, notification of any material increase in fee will be provided prior to closing.

The Bank's attorney will be:

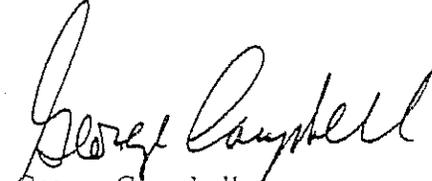
Michael Bruno, Esq.
GIORDANO, HALLERAN & CIESLA, PC
125 Half Mile Road
Red Bank, New Jersey 07701
732-741-3900

Please indicate your acceptance of this Commitment by executing the enclosed copy and returning it to the Bank, along with the appropriate fees of \$17,750 (commitment fee/balance of \$11,000, legal fee deposit of \$1,500, engineer fee of \$2,750, and environmental report fee deposit of \$2,500) whereupon this letter shall constitute a binding agreement in accordance with its terms.

Very truly yours,



Michael D. Whalen
Vice President


George Campbell
Vice President

cc: Giordano, Halleran & Ciesla, PC

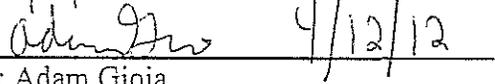
Accepted and Agreed to this 12 day of April, 2012

BORROWER:

Citadel Wellwood, LLC

By: 

Name: Richard DePetro
Title: Managing Member
Date: 4/12/12

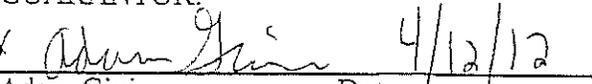
By:  4/12/12

Name: Adam Gioia
Title: Managing Member
Date: 4/12/12

GUARANTOR:

 4/12/12
Richard DePetro Date:

GUARANTOR:

 4/12/12
Adam Gioia Date:

GUARANTOR:

 4/12/12
Roseann Gioia Date:

BORROWER'S ATTORNEY:

Law Firm _____

Attorney _____

Address _____

Telephone Number _____

Email address _____

In accordance with Section 326 of the USA PATRIOT ACT signed October 26, 2001, Investors Bank is required to obtain, verify and record information that identifies each person who opens an account or who has signing authority on an account. In some cases, identification will be requested for those individuals banking with the Bank prior to the effective date of the Act because documentation was not obtained with the opening of the account.

What this means for you: When you open an account, we will ask you for your name, address, date of birth, tax identification number and other information that will allow us to identify you. We will also ask to see your driver's license or other identifying documents.

Protection of our customer's information and identity is the Bank's pledge to you.

Richard DePetro 7/28/1952
 Richard DePetro Date of Birth

Adam Gioia 2/26/1980
 Adam Gioia Date of Birth

Roseanne Gioia 1/24/1948
 Roseanne Gioia Date of Birth

The following borrower information is required:

Borrower(s) will be: Individual(s) Corporation _____ Co-op _____
 Partnership _____ General _____ Limited _____ Other LLC

a) Title will be vested in:

CITADEL WELLWOOD URBAN RENEWAL LLC
 (Name of Individual(s), Partnership, Corporation, etc.)

201 UNION LANE, BRIELLE, NJ 08730
 Address

732-223-6706
 Telephone Number

27-501-8183
 Federal I.D. Number

List below the names, social security number(s) and percentage owned of the Corporation or Partnership.

Name	S.S. #	D/O/B	Home Address	% Owned
ROSEANN GIOIA	133-38-7940	1/28/1948	119 LUDLOW AVE SPRING LAKE, NJ 07762	10%
ADAM GIOIA	149-76-6052	2/26/1980	11 CHRISTIE LANE FREEHOLD, NJ 07728	20%
RICHARD DEPETRO	146-46-6296	7/28/1952	465 A LAUREL BROOK DR BRICK, NJ 08724	50%

EXHIBIT B

PROPOSED RENTS

	<u>GROSS</u>	<u>UTILITY ALLOW.</u>	<u>NET</u>
STUDIOS (21)	\$678	\$46	\$632
ONE BEDROOMS (26)	\$726	\$60	\$666
TWO BEDROOMS (6)	\$872	\$74	\$798

TENANT PARTICIPATION PLAN

Contents

Introduction

Key Statement

Section 1: Opportunities for Involvement

Section 2: Information for Tenants

Section 3: Consultation

Section 4: Evaluation

Introduction

The Tenant Participation Plan is a document which sets out the shared goals of tenants and landlord alike. Tenant participation is a continually evolving process, progressing as new issues arise. This plan sets out a framework for supporting tenant participation which can be strengthened over time. The effectiveness of this Tenant Participation Plan will be monitored and evaluated annually, by tenants and landlord together.

Key Statement

Tenant participation is about tenants providing feedback in the decision-making processes and influencing decisions about

- housing policies
- housing conditions
- housing (and related) services

Tenant participation is a two way process, which involves the sharing of information, ideas, and power. Its aim is to improve the standard of housing conditions and services. Wellwood Manor is committed to involving its tenants in all aspects of the work of the project and recognizes the importance of tenant involvement in the management, development and improvement of services. Wellwood Manor works to support and encourage tenants to be involved in a range of ways that suit them.

Section 1: Opportunities for Involvement

Any opportunities for involvement must meet the needs of all individuals. In addition there will be mechanisms in place to ensure that tenants are not excluded through location, discrimination or resources.

Wellwood Manor works to ensure the opportunity for tenant involvement is offered at all levels:

- Tenant Association Membership.
- Individual Tenants

Tenant Association Membership

Wellwood Manor is committed to the principle that tenants should have input in management decisions. Tenant Association Board meetings ensure that all board members are kept informed of Association developments. Tenant Board Directors are nominated and elected to the Board by fellow tenants. All Board Members are required to resign every 4 years. They may stand for re-election.

Individual Tenants

Tenants are provided opportunities to become involved in a variety of ways including, but not limited to, being invited to attend or respond to:

- Surveys and Questionnaires
- Focus Groups

Public Meetings

Individual meetings with tenants

Section 2: Information for Tenants

In accordance with best practice on corporate governance, tenants are provided with regular comprehensive and accessible information. This includes, but is not limited to:

Tenant Handbook highlighting the services provided, the main conditions of the tenancy, the repair service, both the landlords' and tenants' responsibilities as well as general guidance on tenancy issues including:

Location of offices and services provided by each office.

Advice on payment of rent, including arrears advice

Entitlement and assistance with Housing Benefit claims.

Information on adaptations to property.

Emergency and safety standards including telephone numbers.

Copies of key policies, available on request or via Management Office:

Information Fact Sheets, Leaflets and Flyers

Section 3: Consultation

Tenants receive information on a wide range of housing issues and will be offered opportunities to become involved in the decision making processes concerning these.

Consultation with tenants will take place on matters which include, but are not limited to, the following:

Tenant Participation Plan

Rent Review

Repairs and Maintenance

Major Repairs and Improvements

Arrears and Support Services

Tenant Responsibilities

Anti-Social Behavior and Mediation

Complaints Procedures

General Tenancy Issues

Section 4: Evaluation

Tenant participation and involvement is a continually evolving area. In order to recognize, monitor and evaluate the effectiveness of tenant participation work, Management will work together with tenants to carry out an annual review of the tenant participation plan work.

Section 5: Fair Housing and Equal Opportunity

Citadel Wellwood Urban Renewal LLC fully support the Fair Housing Act (Title VIII of the Civil Rights Act of 1968), as amended, which generally prohibits discrimination upon the basis of race, color, religion, sex, national origin, familial status or handicap in the sale, lease or rental, or in the use or occupancy of a facility improved or erected with federal funds. Citadel Wellwood Urban Renewal LLC is required to comply, in all respects, with all laws, rules and regulations applicable to the real estate industry, including without limitation, the requirements imposed by the Fair Housing Act.

Section 6: Determination of Rent

Rent max amounts are established by the US Department of Housing & Urban Development on an annual basis. The maximum allowable rents are based on 30% of the area median income, as adjusted for family size.

RESIDENT SELECTION PLAN

SAMPLE

(This document would be modified to comply with all NJHMFA requirements as well as all requirements established by other appropriate funders and/or regulatory agencies).

I. FAIR HOUSING & EQUAL OPPORTUNITY LAWS

- A. Management will comply with the Fair Housing Act Amendments of 1988 and will not discriminate on the basis of race, color, creed, national origin, religion, sex, age or handicapping condition in any phase of the occupancy process. The occupancy process includes, but is not limited to, application processing, leasing, transfers, delivery of management and services, access to common facilities and termination of occupancy. Management will comply with Section 504 of the Rehabilitation Act of 1973 that prohibits discrimination on the basis of disability and will make reasonable accommodations for the disability.
- B. Any applicant/resident who thinks his/her rights have been violated under The Fair Housing & Equal Opportunity Laws and/or Section 504 of the Rehabilitation Act should contact the HUD local office, Attention: Fair Housing & Equal Opportunity.

II. SCREENING/ ELIGIBILITY CRITERIA

- A. All potential applicants will be screened to determine if they meet the following eligibility criteria established by project funding sources:
 - 1. TBD
 - 2. TBD
 - 3. TBD
 - 4. TBD
 - 5. Applicant household must conform to the Occupancy Standards:

Bedrooms	Minimum # of Persons	Maximum # of Persons
1	1	2
2	2	4
3	3	6
0	1	1

7. Applicant must not be subject to a Sex Offender Registration Program.
8. Applicant must provide documentation of legal custody of all children under the age of eighteen who are not biological children.
9. Applicant must reasonably be expected to meet the rules and regulations for residency of Genesis Newark

III. ACCEPTING APPLICATIONS

Management will accept an application for rental from the general public, any and all interested persons that meet the eligibility criteria defined in Section II above during normal business hours, except in the event notice is posted indicating dates and times applications are accepted or that no applications are being accepted. The posting of nonacceptance of applications shall contain an effective date and shall indicate what type of notification/postings/and/or advertising will be made when applications are again to be accepted.

- A. **Applicant eligibility will be verified** prior to the acceptance of the application.
- B. **Written applications on properly prescribed forms**, must be made in order to be considered for occupancy. The application includes citizen status and HUD required release of information forms. Disclosure of Social Security Number is required.
- C. **Application must be made in person** the person(s) seeking the rental unit (See Section II C for exception) at the rental office on the property. Because of the Restrictions on Assistance to Non Citizens, all applicants must submit evidence of citizenship status or eligibility immigration status with the other eligibility documentation requested or no later than ten (10) days from the date of application. Applicants who qualify will be housed with one week of application.
 1. Photo Proof of identity will be required of all applicants (either driver's license, state identification card, etc).
 2. Should the applicant be personally unable to complete the form, the applicant must still be present, and the person assisting with the completion of the application must sign and date the application along with the applicant.
- D. **Application must be completed in full.**
 1. Completed applications will be accepted and recorded by date & time on an Application Log.
 2. Applicants will be notified if their application is incomplete.
 3. Applicants will have ten (10) days to provide the information in order for the application to be processed. Failure to respond within the 10 days will result in the rejection of the application. Applicants will

be given the opportunity to appeal within 30 days of the date of the rejection letter.

- E. **An initial interview and screening interview will be conducted.**
Management Personnel will:
1. Review application for completeness.
 2. Manager will obtain income information and identification documents.
 3. Applicant's questions will be answered.
 4. Explain steps of waiting/offering process.
 5. Provide to applicants waiting list policy information for waiting list updates.
- F. In reviewing the application, management will give consideration to the following:
1. Evidence of applicant family's participation in or willingness to participate in social service or other appropriate counseling service programs and the availability of such programs.
 2. Evidence of the applicant's willingness to attempt to increase family income and the availability of training or employment programs in the locality.
- G. **All applications received that are approved will be placed on a waiting list.**
1. If there are no appropriate vacant units available, the applicant's name will be placed on a waiting list based on the date & time the application is received (chronological order).
 2. A waiting list will be maintained in accordance with required regulations, as long as it is in compliance with all eligibility requirements established by the funding sources for the project, including _____, _____, _____.
 3. Consideration in making offers from the Waiting List to appropriate-sized units will be made based on availability; at this time the applicant's eligibility will be verified. Those deemed still eligible will be processed based on the criteria above.
 4. It will be the applicant's responsibility to update the application in order to remain on the waiting list.

IV. REJECTING APPLICANTS

- A. Applicants may be rejected if:
1. The applicant does not meet eligibility criteria (including income limits) established for the project by the funding sources (_____, _____) as described in Section II above.

2. Application is incomplete.
3. Family composition does not conform to units available on property.
4. Household income exceeds income limits for the program
5. Applicant provided false information necessary in the determination of eligibility.

V. ASSIGNMENT OF APARTMENTS

An applicant will be offered an apartment of appropriate size and type.
The applicant must be able to have electricity turned on prior to occupying the unit.

VI. TRANSFERS

No transfer unless it is due to a handicapping condition or disability.

VII. DETERMINATION OF RENT - HOME UNITS

In accordance with funding program guidelines for the project, rent is determined on a case by case basis, based on 30% of the adjusted annual income. Annual income is calculated based on the guidelines provided by HUD as follows:

- A. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (at least six to eight weeks of pay check stubs will be provided for verification of income);
- B. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including lump sum payment for delayed start of periodic payment;
- C. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- D. Welfare assistance. Welfare to families or individuals, based on need, that are made under program funded, separately or jointly, by Federal, State or local governments (e.g, Social Security Income (SSI) and general assistance available through state welfare programs;
- E. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- F. Net income from the operation of a business or profession;
- G. Interest, dividends, and other net income of any kind from real and personal property;
- H. All regular pay, special pay and allowances of a member of the Armed Forces, except special hostile fire pay.

VIII. Preferences and/or Priorities

will house families who meet
the eligibility criteria established by the project's funding/regulatory programs

IX. OTHER

A. No pets are allowed.

Landlord-Tenant Move-in/out Inspection Report

Unit address: _____ Dates: _____ / _____

Living Room	Move-in Condition	Move-out Condition
Floor- floor coverings/ carpet		
Windows/ window coverings		
Walls/ ceilings		
Light fixtures		
Windows, screens, doors		
Front door & locks		
Other		
Other		
Kitchen	Move-in Condition	Move-out Condition
Floor- floor coverings/ carpet		
Windows/ window coverings		
Walls/ ceilings		
Cabinets		
Counters		
Stove/ oven		
Refrigerator		
Dishwasher		
Sink/ plumbing/ fixtures		
Windows/ screens/ doors		
Other		
Other		
Dining Room	Move-in Condition	Move-out Condition
Floor- floor coverings/ carpet		
Windows/ window coverings		
Light fixtures		
Windows, screens, doors		
Other		
Other		
Bathroom(s)	Move-in Condition	Move-out Condition
	#1 #2 #3	#1 #2 #3
Floor- floor coverings/ carpet		
Windows/ window coverings		
Walls/ ceilings/ doors		
Light fixtures		
Bathtub/ shower/ fixtures		
Sink/ counter		
Toilet		
Other		

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Public Meetings

Individual meetings with tenants

Section 2: Information for Tenants

In accordance with best practice on corporate governance, tenants are provided with regular comprehensive and accessible information. This includes, but is not limited to:

Tenant Handbook highlighting the services provided, the main conditions of the tenancy, the repair service, both the landlords' and tenants' responsibilities as well as general guidance on tenancy issues including:

Location of offices and services provided by each office.

Advice on payment of rent, including arrears advice

Entitlement and assistance with Housing Benefit claims.

Information on adaptations to property.

Emergency and safety standards including telephone numbers.

Copies of key policies, available on request or via Management Office:

Information Fact Sheets, Leaflets and Flyers

Section 3: Consultation

Tenants receive information on a wide range of housing issues and will be offered opportunities to become involved in the decision making processes concerning these.

Consultation with tenants will take place on matters which include, but are not limited to, the following:

Tenant Participation Plan

Rent Review

Repairs and Maintenance

Major Repairs and Improvements

Arrears and Support Services

Tenant Responsibilities

Anti-Social Behavior and Mediation

Complaints Procedures

General Tenancy Issues

Section 4: Evaluation

Tenant participation and involvement is a continually evolving area. In order to recognize, monitor and evaluate the effectiveness of tenant participation work, Management will work together with tenants to carry out an annual review of the tenant participation plan work.

House Rules

Lease Addendum for property at 606 West Maple Avenue, Merchantville, NJ

THE RULES AND POLICIES SET FORTH IN THIS LEASE ADDENDUM ARE FOR THE BENEFIT OF ALL RESIDENTS. FAILURE TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS LEASE ADDENDUM SHALL BE CONSIDERED A VIOLATION OF THE LEASE.

- _____ **1. ABUSIVE LANGUAGE:** Abusive or foul language interferes with other Residents' right to the quiet enjoyment of the premises. Such language is not allowed in common areas or in other areas where people congregate.

- _____ **2. ACTION OF FAMILY MEMBERS AND GUESTS:** Guests are defined as individuals staying in the dwelling three (3) days or less per month. Any individual staying more than three (3) days per month is deemed an additional occupant. Unauthorized additional occupancy may result in eviction. Residents are responsible for:
 - the conduct and actions of their family members and guests. Guests who create disturbances and nuisances or damage the property will be asked to leave the property. Residents agree to reimburse the owner for any damage caused by their family members or guests.
 - ensuring family members and guests adhere to all House Rules.
 - any behavior that is loud or otherwise disrupts the right to quiet enjoyment of other Residents by family members or guests or.
 - ensuring family members and guests do not loiter or run in common, landscaped or parking areas.

- _____ **3. ALCOHOLIC BEVERAGES:** Drinking alcoholic beverages is strictly prohibited anywhere on the property except in the Residents' units.

- _____ **4. ALTERATIONS:** Changes to any fixture, wiring, wall, cabinetry, or any other part of the unit, including entry door locks, are strictly prohibited without the advance written consent approval of the owner. Approval must be obtained prior to hanging or attaching any object on a wall or ceiling that weighs in excess of five pounds. No ceiling hooks or adhesive mirror tiles are allowed. No credit will be given for repairs, painting, or other work done in a unit by a Resident without the express advance written consent of the owner.
 - Alterations include but are not limited to:
 - a. Installing screen doors, or other permanent hardware;
 - b. Changing or removing any part of appliances, fixtures or equipment in the unit;
 - c. Painting or applying wallpaper or contact paper in the unit;
 - d. Installing awnings or window guards or security bars in the unit.

- _____ **5. BREAKAGE:** Residents shall pay for all breakage, damage and cleaning beyond normal wear and tear to the premises or any furnishings in the premises. This includes, but is not limited to drapes, blinds, carpet, and common area furnishings.
- _____ **6. BUSINESSES:** A Resident may not operate a business in his or her unit or on the premises without the owner's prior written consent, and compliance with local ordinances.
- _____ **7. CHILDREN:** Children are prohibited from playing in the hallways or common areas, excluding the yard. No children under the age of twelve (12) years are to be left unattended in the rental unit or on the grounds.
- _____ **8. CLEANING:** Residents are responsible for cleaning the unit, appliances, drapes/blinds, inside of windows, and carpets during their tenancy and when they move out.
- _____ **9. COMPLAINTS:** All complaints shall be made in writing to the property owner or by U.S. Mail to _____
(Notices to repair must be sent to the person or at the place the tenant pays rent.)
- _____ **10. CONSERVATION:** Residents are expected to use energy wisely. Conservation is essential to the efficient operation of the property. Every resident shall participate in the efforts of the City to promote conservation.
- _____ **11. CRIMINAL ACTIVITIES:** The illegal use, sale, or distribution of drugs, any criminal activity and/or any physical violence to persons or property by any Resident or member of a Resident's household is prohibited and will result in eviction.
- _____ **12. DANGEROUS MATERIALS:** Gasoline, oils, or any flammable material, and all hazardous materials must be properly, safely and legally disposed. None of these materials are permitted in any dwelling unit.
- _____ **13. DELIVERY:** The owner assumes no responsibility for accepting deliveries of packages, mail, etc. on behalf of any Resident.
- _____ **14. ENTRY DOORS TO UNITS:** In order to maintain the fire rating of an apartment building, and to ensure the privacy and security of all Residents, all unit entry doors must be closed except when in use. They may not be propped open at any time. Do not admit strangers through security doors.
- _____ **15. EXTERIOR ATTACHMENTS:** No wires, aerials, antennas or satellite dishes for radio or television, or wires, ropes, or other material or device for clothes drying, or other personal use shall be installed on the roof, decks, patios or other parts of the building. No attachments to the building structure are permitted with the owner's prior written consent. No extensions are allowed beyond the Resident's private rented space.

_____ **16. GARBAGE REMOVAL:** Residents may contact the owner or City waste collector to find out the correct way to dispose of any trash, garbage or other waste material.

_____ **17. GROCERY CARTS:** Leaving commercial grocery carts on or about the premises is prohibited. Any costs incurred in returning a cart will be charged to the Resident.

_____ **18. HALLWAYS AND COMMON AREAS:** Hallways and common areas are to be kept clear of clutter. No personal items may be kept or stored in the hallways, stairways, or other common areas in or about the premises without the owner's permission in advance.

_____ **19. HAZARDOUS ITEMS:** Keeping anything that may be considered a hazard to the health or safety of other persons is prohibited. (Gasoline storage in unit, possessing weapons, etc.)

_____ **20. KEYS:** The owner will provide each adult resident with a set of keys. Residents are not to change, alter, or add additional locks. If you desire an additional lock on your outside access door(s) for additional security or an additional lock on your patio door(s), please contact the Owner. The tenant must pay for the labor to install the additional lock. The Owner will supply the lock and oversee the installation. The lock will remain the property of the Owner.

- If you lock yourself out of your apartment, there will be a minimum charge of \$_____ per occurrence. If this occurs after 9:00 p.m., there will be a minimum charge of \$_____ per occurrence. This charge must be paid in advance. A minimum charge of \$_____ will be assessed to replace lost keys.

_____ **21. LANDSCAPE:** The Resident shall not alter, disturb, or interfere in any way with the grounds or landscaping. Residents who wish to add plant materials, ornaments or signs to a planting area must obtain prior owner approval. Residents with individual yards are responsible for mowing, watering and general upkeep to ensure that their landscaping is maintained in good condition and in compliance with local ordinances. Residents who fail to maintain their yards will be subject to lease enforcement, including eviction. Residents may also be subject to criminal prosecution by the City.

_____ **22. LAUNDRY FACILITY:** Laundry facilities are for **Resident use only**. Any keys issued for laundry room access may not be duplicated or given to non-Residents.

_____ **23. LIGHT FIXTURES:** The use of light bulbs with a higher wattage than is allowed in any light fixture is a fire hazard and is strictly prohibited. Replacement of light bulbs is at the Residents' expense.

_____ **24. LITTERING:** Littering the grounds, landscaping and parking areas is strictly prohibited. This includes putting out cigarettes on the sidewalks and in driveways or dumping ashtrays on the grounds or in parking areas.

_____ **25. MAILBOXES:** No names are permitted on mailboxes other than those Resident(s) which are a party to the Lease Agreement.

_____ **26. MOTOR VEHICLES:** All vehicles kept on the premises must be both operable and currently licensed. Cars may not be repaired on the premises.

_____ **27. NOISE:** Residents, family members and guests shall keep the volume of musical instruments, radios, televisions, record players, etc. at a level that will not disturb neighbors. Playing sound producing devices at volumes that disturb other Residents is a lease violation and grounds for eviction.

_____ **28. OXYGEN TANK USE:** Residents may have oxygen tanks for medical reason. The use of commercial oxygen, however, poses a potentially life-threatening hazard if not used properly.

_____ **29. PUBLIC AREAS:** Public areas shall be used exclusively for entrance and exit of the premises. Tenant shall not use such areas for loitering and shall not store any trash, junk, or valuables outside of the building or in hallways or porches.

30. RENTER'S INSURANCE: The owner is NOT RESPONSIBLE for fire, theft, water or any other damage to a Resident's personal belongings when the damage is caused by the Resident's intentional, negligent or reckless behavior. IT IS SUGGESTED THAT RESIDENTS CONSIDER OBTAINING APARTMENT RENTERS' INSURANCE TO COVER LOSS OF THEIR PERSONAL PROPERTY.

31. SAFETY, FIRE, LIFE SYSTEMS: Residents shall not tamper with fire suppression sprinklers, fire extinguishers, equipment or fuse boxes.

32. SATELLITES: Free-standing satellite dishes less than one (1) meter in diameter may be allowed with prior owner approval.

33. SCREENS: Screens shall not be removed from windows for any reason other than an emergency. Packages or other items cannot be passed through windows.

34. SMOKING: Residents are responsible for the proper and safe disposal of their matches and cigarette butts, so as not to pose a fire hazard or litter the grounds. No smoking is allowed in the commons areas which includes entry walkways, and patio areas, unless such an area is a designated smoking area. Residents who smoke in their units should keep their doors closed to prevent smoke from entering the halls and common areas.

35. STRAY ANIMALS: Feeding stray animals or wildlife, including birds, creates a nuisance and a health and safety hazard and is not permitted on or near the premises.

36. THREATS: Any act or threat to the Landlord, his agents, or to any person is prohibited.

37. TRESPASS NOTICES: Trespass notices issued by the Landlord or his agents must be honored by tenants and guests.

38. TOYS: All toys (including, but not limited to, bicycles, tricycles, and wagons) must be kept in your rental unit, storage unit or garage (if applicable). If these items are left outside the building or in the common areas, they will be deemed litter and thus disposed of.

39. VACATING YOUR UNIT: Residents must contact the owner in accordance with the lease not less than 30 days prior to the end of the last full month of tenancy.

40. WATER USE: Water shall not be wasted or left running unattended in the kitchen, bathroom, or elsewhere. All plumbing defects must promptly be reported to owner. Residents who cause damage to, or obstruct plumbing will be required to pay the cost of any needed repairs.

41. WHEELED DEVICES: All wheeled vehicles and devices including, but not limited to, bicycles, scooters and wheeled chairs must be used in a safe and courteous manner. Wheeled vehicles and devices may not be used or ridden on the grass or in planted areas. Wheeled vehicles and devices should not be stored on walkways, stairways, hallways, porches, or other public areas, except as specified and approved the owner.

42. WINDOWS: Exterior sills and ledges shall not be used for the storage of bottles, food, etc. Only window drapes, mini-blinds, and vertical blinds are allowed as unit window coverings.

A signed copy of these rules and regulations will be kept in each Tenant's file.

I have read and agree to the above Resident Rules & Regulations. I understand and accept that a violation of any of these is grounds for eviction.

Owner/Landlord

Date

Resident

Date

**WELLWOOD MANOR
SAMPLE LEASE AGREEMENT**

1. PARTIES AND DWELLING UNIT:

The parties to this Lease Agreement are Citadel Wellwood Urban Renewal Co., LLC, referred to as the Landlord, and xxxxxxxxxx referred to (individually or together) as the Tenants. The Landlord leases to the Tenant Unit number xxx located at 606 West Maple Avenue, Merchantville, NJ 08109 in the housing community known as Wellwood Manor (the "Unit").

All notices and other communications required under this Lease Agreement shall be made to the Landlord, c/o DePetro Real Estate Organization, 201 Union Lane, Suite B, Brielle, NJ 08730, or to such other address as Landlord may provide in writing.

The members of the household listed below are the only persons permitted to reside in the Unit. This provision is not intended to exclude the care of foster children or live-in care of the Resident or Resident's household member provided the accommodation of such person(s) conforms to the Landlord's occupancy standards and the Landlord has granted prior written approval for the foster child(ren) and/or live-in aide to reside in the unit.

Names	Relationship	Sex	Date of Birth	Social Security Number

Tenant shall immediately notify the Landlord, in writing, whenever any member of the household authorized to reside in the Unit is no longer residing in the Unit. Failure to immediately notify the Landlord, in writing, will result in the Tenant being held liable for all actions of such person and any violation of the Lease Agreement by such person will be grounds for termination of tenancy and eviction from the Unit. This lease agreement conforms to 24 CFR 92.253.

2. TERM:

The initial term of this Lease Agreement shall begin on _____ and end on midnight of the later of _____ or one full year after the commencement date. After the initial term ends, the Lease Agreement will be automatically renewed on a month-to-month basis unless terminated as permitted by Paragraph 18 of this Lease Agreement.

3. CHANGES IN THE TENANT'S RENT:

The Resident agrees that the amount of rent the Resident pays may be changed:

- a. At any time, to adjust for changes in the utility allowance as required by the HOME Program; or
- b. If a tenant is residing in a designated HOME unit, RENT AMOUNTS, INCLUDING INCREASES IN RENT AMOUNTS, ARE SUBJECT TO REGULATION BY THE NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS, DIVISION OF HOUSING, AND THAT INQUIRIES AS TO THE MAXIMUM PERMITTED RENT MAY BE MADE BY TELEPHONE TO 609-633-6258.
- c. If a tenant is not residing in a HOME unit, rents may increase after the expiration of a valid lease.

If either case, the Agent will give the Resident at least 30 days advance written notice of any change in the rent.

4. RENT:

- a. The Tenant agrees to pay \$_____ month ending For the remainder of the initial term, Tenant agrees to pay a rent of \$_____ per month. This amount is due on the 1st (first) of _____ to the Landlord or at such other mailing address as the Landlord may provide. Payments made as rent will be applied to any outstanding balance, which may include rent, utilities, maintenance, or any other balance owed.
- b. If Tenant resides in a designated HOME unit, tenant's rent may be lower than the market (unsubsidized) rent which would otherwise be due on the Unit. This lower rent is available because the property is operated pursuant to the rules and regulations of the HOME Housing Production Program ("HOME Program") and as enforced by a state agency responsible for monitoring such program (the "State Agency"). Notwithstanding any provisions of this Lease Agreement, Tenant agrees (in consideration of such lower rent) that the property shall be operated at all times in strict compliance with HOME regulations, and any regulatory agreement, restrictive covenant, or other agreement with the State Agency.(collectively, "HOME Requirements").
- c. Tenant's rent may also be reduced as a result of assistance provided through a local public housing agency. If the Tenant's rent is reduced or regulated as a result of one or more public programs, provisions which are required by those programs or by the agencies administering those programs are referred to in this Lease as HOME Requirements and are applicable even if not specifically set forth.

3. CHARGES FOR LATE PAYMENTS, RETURNED CHECKS AND COURT AWARDS:

If the Tenant does not pay the full amount of the rent shown in paragraph 3 by the end of the 5th day of the month, the Landlord may collect a fee of \$20.00 on the 6th day of the month. Thereafter, the Landlord may collect \$10 additional at the end of the month the rent remains unpaid during the month it is due., but in no event more than is permitted by State law. The Landlord may collect a fee of \$30 any time a check is not honored for payment (bounces). The charges discussed in this paragraph are in addition to the regular monthly rent payable by the Tenant. The Landlord may collect a charge for costs and/or reasonable attorney fees which a court may award in favor of the Landlord, in connection with a legal proceeding in which the Tenant does not prevail.

4. CONDITION OF DWELLING UNIT:

By signing this Lease Agreement, the Tenant acknowledges that Tenant has inspected the Unit and it is

apparently safe, clean, and in good condition. The Tenant agrees that all appliances and equipment in the Unit are in good working order, except as described on the pre-occupancy Unit Inspection Report, which is Attachment No. 1 to this Lease Agreement. The Tenant also agrees that the Landlord has made no promises to decorate, alter, repair, or improve the Unit except as listed on the pre-occupancy Unit Inspection Report.

5. CHARGES FOR UTILITIES AND SERVICES:

The following charts describe how the cost of utilities and services related to occupancy of the Unit will be paid. The Tenant agrees that these charts accurately describe the utilities and services paid by the Landlord and those paid by the Tenant.

- a. The Tenant must pay for the utilities checked in column (1). Payments should be made directly to the appropriate utility company. The Tenant shall ensure that utility services remain on in the Unit while Tenant retains occupancy. The items in column (2) are included in the Tenant's rent. Tenant shall take reasonable measures toward energy conservation in his/her use of utilities.

(1)			(2)
Put "X" by any Utility Tenant Pays Directly	<u>Utility or Service</u>	<u>Type</u>	Put an "X" by any Utility included in Tenant Rent
_____	Heat	gas	___X___
_____	Air Conditioning	electric	_____
___X___	Lights & Electric	electric	_____
___X___	Cooking	gas/electric	_____
_____	Water, Hot & Cold	gas/electric	___X___
_____	Sewer		___X___
_____	Cable TV		_____
_____	Alarm Monitoring		_____

6. SECURITY DEPOSITS:

The Tenant has deposited \$_____ with the Landlord. The Landlord will hold this security deposit in accordance with State law for the period the Tenant occupies the Unit. After the Tenant has moved from the Unit, the Landlord will determine whether the Tenant is eligible for a refund of any or all of the security deposit. The amount of the refund will be determined in accordance with the following conditions and procedures:

- a. The Tenant will be eligible for refund of the security deposit only if the Tenant provided the Landlord with the 30-day written notice of intent to move required by Paragraph 18.
- b. After the Tenant has moved from the Unit, the Landlord will inspect the Unit and complete another Unit Inspection Report. The Landlord will permit the Tenant to participate in the inspection, if the Tenant so

requests.

- c. The Landlord will refund to the Tenant the amount of the security deposit plus interest as required by State law, less any amount needed to pay the cost of:
 - (1) unpaid rent;
 - (2) damages that are not due to normal wear and tear and are not listed on the Unit Inspection Report prepared prior to initial occupancy;
 - (3) charges for late payment of rent and returned checks, as described in Paragraph 5;
 - (4) charges for unreturned keys, as described in Paragraph 9;
 - (5) charges for costs and/or reasonable attorney fees which a court may award in favor of the Landlord, in connection with a legal proceeding in which the Tenant does not prevail; and
 - (6) any other charges properly owing from Tenant to Landlord.
- d. The Landlord agrees to refund the amount computed in Paragraph 8c within 30 days after the Tenant has permanently moved out of the Unit, returned possession of the Unit to the Landlord, and given his/her new address to the Landlord. The Landlord will also give the Tenant a written list of charges that were subtracted from the deposit. If the Tenant disagrees with the Landlord concerning the amounts deducted and asks to meet with the Landlord, the Landlord agrees to meet with the Tenant and informally discuss the disputed charges.
- e. If the Unit is rented by more than one person, the Tenants agree that they will work out the details of dividing any refund among themselves. The Landlord may pay the refund to any Tenant identified in paragraph 1 of this Lease Agreement.
- f. The Tenant understands that the Landlord will not apply the Security Deposit, in advance of the Tenant's moving out, to the last month's rent or to any charges owed by the Tenant.

7. KEYS AND LOCKS:

The Tenant agrees not to install additional or different locks or gates on any doors or windows of the Unit without the written permission of the Landlord. If the Landlord approves the Tenant's request to install such locks, the Tenant agrees to provide the Landlord with a key for each lock. When this Lease Agreement ends, the Tenant agrees to return all keys to the dwelling Unit to the Landlord. The Landlord may charge the Tenant for each key not returned at termination of this Lease Agreement, and for the replacement of lost keys while the Tenant occupies the Unit, in accordance with a Schedule of Charges posted in the Management Office.

8. DEFECTS & HAZARDS TO LIFE, HEALTH OR SAFETY:

- a. The Tenant shall immediately report damages, defects, and hazardous conditions in the Unit to the Landlord.
- b. The Landlord shall be responsible for repair of the Unit within a reasonable time; provided, that if the damage was caused by the Tenant, Tenant's household or guests, the cost of the repairs shall be charged to the Tenant.
- c. The Landlord shall offer standard alternative accommodations, if available, in circumstances where necessary repairs cannot be made within a reasonable time.
- d. Wherever damage is caused by carelessness, misuse, or neglect on the part of the Tenant, his/her family or visitors, or any failure or refusal to fulfill the Tenant's Obligations set forth in Paragraph 14 of this Lease Agreement, the Tenant agrees to pay the cost of all repairs, at the rates contained in a Schedule of Charges which is posted in the Management Office and incorporated herein by reference, which Schedule of Charges

may be changed from time to time.

9. RESTRICTION AND ALTERATIONS:

The Tenant agrees not to do any of the following without first obtaining the Landlord's written permission:

- a. change or remove any part of the appliances, fixtures or equipment in the Unit;
- b. paint or install wallpaper or contact paper in the Unit;
- c. attach awnings or window guards in the Unit;
- d. attach or place any fixtures, signs, or fences on the building, the common areas, or the project grounds;
- e. attach any shelves, screen doors, or other permanent improvements in the Unit;
- f. install washers, dryers, dishwashers, fans, heaters, or air conditioners inside or outside the Unit or balcony;
or
- g. place any aerials, antennas, or other electrical connections on the Unit.

10. OCCUPANCY:

The Tenant shall have the right to exclusive use and occupancy of the leased premises. "Guest" means any person not listed on this Lease Agreement who temporarily visits the Unit or premises with the consent of a household member. The Tenant must notify the Landlord in writing of all overnight guests staying on the premises for more than 2 nights. The written notice must be given no later than the third day after the guest begins staying at the premises. The notice must indicate the period of time the guest will be staying at the lease premises. If any visit will extend beyond one week, the Tenant must notify the Landlord in writing, stating the reasons for the extended visit, which must first be authorized in writing by the Landlord.

11. OBLIGATIONS OF LANDLORD:

Landlord shall be obligated, other than for circumstances beyond its control, as follows:

- a. To maintain the premises and the project in decent, safe and sanitary condition.
- b. To comply with requirements of applicable building codes, housing code, and HUD regulations materially affecting health and safety.
- c. To make necessary repairs to the premises.
- d. To keep project buildings, facilities and common areas not otherwise assigned to the Tenant for maintenance and upkeep, in a clean and safe condition.
- e. To maintain in good and safe working order and condition: electrical, plumbing, sanitary, heating, ventilating, and other facilities and appliances, including elevators, supplied or required to be supplied by the Landlord.
- f. To provide and maintain appropriate receptacles and facilities (except containers for the exclusive use of an individual tenant household) for the deposit by Tenant of garbage, rubbish and other waste.
- g. To supply running water and reasonable amounts of hot water and reasonable amounts of heat at appropriate times of the year except where heat or hot water is generated by an installation within the exclusive control of the Tenant and supplied by a direct utility connection.
- h. To provide extermination services as necessary.

- i. To maintain grounds, shrubbery, sidewalks, parking areas, laundry areas and other common exterior areas in the community in a clean, orderly and safe condition.
- j. To make necessary repairs with reasonable promptness.
- k. To maintain exterior lighting in good working order.

12. OBLIGATIONS OF THE TENANT:

Tenant shall be obligated as follows, and shall ensure that Tenant's household members, visitors and guests obey the following:

- a. Not to assign the Lease Agreement or to sublease or transfer possession of the premises.
- b. Not to provide accommodations for boarders or lodgers.
- c. To use the premises solely as a private dwelling for Tenant and Tenant's household as identified in the Lease Agreement, and not to use or permit its use for any other purposes. With the written consent of the Landlord, obtained in advance, members of the household may engage in legal business and other activities in the dwelling Unit, where the Landlord determines that such activities are incidental to primary use of the leased Unit for residence by members of the household.
- d. To abide by necessary regulations issued by the Landlord for the benefit and well-being of the housing project and the tenants. Said regulations shall be posted in the Management Office and are incorporated by reference in this Lease Agreement.
- e. To comply with all obligations imposed upon tenants by applicable provisions of state law and of building and housing codes materially affecting health and safety.
- f. To comply with the covenants, by-laws and rules and regulations of any community association in which the Tenant resides under this Lease Agreement.
- g. To keep the Unit, adjacent grounds and other such areas as may be assigned to Tenant's exclusive use in a clean, orderly and safe condition (but not to make repairs, alterations or redecoration without the Landlord's written consent.)
- h. To provide reasonable care (including changing batteries) and perform interim testing of smoke detectors to assure they are in working order.
- i. To dispose of all garbage, rubbish, and other waste from the premises in a sanitary and safe manner.
- j. To use only as intended all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other devices and appurtenances including elevators.
- k. To refrain from destroying, defacing, damaging or removing any part of the premises or project.
- l. To conduct himself/herself and cause other persons who are on the premises with his/her consent (whether or not such persons' presence on the premises is then known by the Tenant or the Tenant is aware of the conduct of such persons) to conduct themselves in a manner which is legal, orderly and which will not disturb his neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the project in a decent, safe and sanitary condition.
- m. To provide that the Tenant, any member of the Tenant's household, any guest or any other person under the Tenant's control, shall not engage in criminal activity, including, but not limited to, drug-related criminal activity, on or near the premises (Drug-related criminal activity means the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use of, a controlled substance) and shall not display, use, or possess firearms (operable or inoperable) or other weapons as defined by the laws of the State in the Unit or on the premises.
- n. To keep no dogs, cats or other animals or pets in or on the premises except with the written consent of Landlord, which will be given in accordance with Landlord's pet policy and state and federal law, and to comply with all of Landlord's rules concerning the keeping of any approved pet.
- o. To pay Landlord's established charges for the repair of damages to the premises, project buildings, facilities or common areas (other than for normal wear and tear) that are caused by Tenant, Tenant's household or guests, or by Tenant's failure to report needed repairs.

- p. To permit the Landlord, pursuant to the provisions of Paragraph 17, to enter the premises for the purpose of performing periodic inventories and inspections, reading utility meters, routine maintenance, making improvements or repairs, or showing the premises for re-leasing.
- q. To promptly report to the Landlord any needed repairs to the leased premises or any unsafe conditions in the common areas and grounds which may lead to damage or injury.
- r. To refrain from placing fixtures, signs or fences in or about the premises without prior revocable permission of the Landlord in writing.
- s. To notify the Landlord of any absence from the Unit which exceeds 14 days.
- t. To leave the Unit, upon vacating the premises, in a clean and safe condition (normal wear and tear excepted) and to return the keys to the Landlord. Any property left by the Tenant in or about the premises after he/she vacates will be considered as abandoned and may be disposed of as the Landlord sees fit.
- u. To perform seasonal maintenance as follows: _
 Tenant agrees that the performance of such maintenance is customary by tenants of dwelling units of similar design and construction, and that Tenant is not unable to perform such maintenance because of age or disability.
- v. To use any garage solely for automobile storage and other private residential purposes (including purposes related to any business use approved by the Landlord), and to keep the garage in a clean, orderly and safe condition.

13. RULES:

The Tenant agrees to obey the House Rules, which are provided as an Attachment to this Lease Agreement. The Tenant agrees to obey additional rules established after the effective date of this Lease Agreement. Such rules will be reasonably related to the safety, care, and cleanliness of the building and safety, comfort and convenience of the tenants, and the Tenant will receive written notice of the proposed rule at least 30 days before the rule is enforced.

14. CERTIFICATION AND RECERTIFICATION OF INCOME AND FAMILY COMPOSITION (FOR DESIGNATED HOME UNITS)

- a. Tenant acknowledges that Tenant's eligibility for the Unit and/or the rent charged has been determined based on Tenant's application, including Tenant's representations about family income and composition. If Tenant has falsely certified to Tenant's income and family composition, such false certification will be deemed a material violation of this Lease Agreement and is grounds for termination of this Lease Agreement and eviction of the Tenant.
- b. At least once each year, Landlord will determine whether the Tenant is eligible for continued occupancy under rent limitations applicable to the HOME Program, all in accordance with policies which are consistent with the HOME Requirements and which are available at the Management Office.
- c. Regularly Scheduled Recertifications: Each year, approximately 90 days before the anniversary date of this Lease Agreement, the Landlord will request the Tenant to report the income and composition of the Tenant's household and to supply any other information required by the HOME Requirements for the purpose of determining the Tenant's rent and eligibility. The Tenant agrees to provide accurate statements of this information and to do so by the date specified in the Landlord's request. The Landlord will verify the information supplied by the Tenant through third-party written verification and use the verified information to recompute the amount of the Tenant's rent.
- d. Failure by a Tenant to truthfully supply the recertification information as and when required by this Lease

Agreement or as requested by Landlord, or to appear for a scheduled rent and income review, will be considered a material violation of the Lease Agreement.

15. ACCESS BY LANDLORD:

Tenant agrees that, upon reasonable notification, (a) the duly authorized agent, employee, or representative of Landlord will be permitted to enter Tenant's Unit during reasonable hours for the purpose of performing routine inspections and maintenance, including extermination, for making improvements or repairs, or to show the premises for re-leasing; and (b) any representative of the State Agency may inspect the Unit for the purpose of fulfilling its responsibilities under the Code. A written statement specifying the purpose of the Landlord entry delivered to the premises at least 48 hours before such entry shall be considered reasonable advance notification. However, Landlord shall have the right to enter Tenant's Unit without prior notice to Tenant, if Landlord reasonably believes that an emergency exists which requires such entrance or if Tenant made a request for service. In the event that Tenant and all adult members of his/her household are absent from the premises at the time of entry, Landlord shall leave on the premises a written statement of the date, time and purpose of entry prior to leaving the Unit.

After the Tenant has given a notice of intent to move, the Tenant agrees to permit the Landlord to show the Unit to prospective tenants during reasonable hours. If the Tenant moves before this Lease Agreement ends, the Landlord may enter the Unit to decorate, remodel, alter or otherwise prepare the Unit for re-occupancy.

16. TERMINATION OF TENANCY:

- a. To terminate this Lease Agreement, the Tenant must give the Landlord at least 30 days written notice prior to the end of the term. The Tenant shall be liable for rent up to the end of the term or to the date the Unit is re-rented, whichever date comes first.
- b. Any termination of this Lease Agreement by the Landlord must be carried out in accordance with HOME Requirements, State and local law, and the terms of this Lease Agreement. The Landlord may terminate this Lease Agreement only for:
 - (1) the Tenant's serious or repeated violations of the material terms of this Lease Agreement; or
 - (2) the Tenant's material failure to carry out obligations under any State Landlord and Tenant Act.
- c. The following lease terms shall be considered material but are not an exclusive listing:
 - (1) Obligations of the Tenant identified in Paragraph 14 of this Lease Agreement.
 - (2) Nonpayment of rent or other charges due under the Lease Agreement.
 - (3) Repeated late payment of rent.
 - (4) Serious or repeated interference with the rights of other Tenants.
 - (5) Serious or repeated damage to the premises.
 - (6) Alteration, repair, sale, destruction or other disposition of the leased premises or any part thereof.
 - (7) Failure to report a change of income, employment, or identity of household members, or failure to provide any other information required by this Lease Agreement.
 - (8) Misrepresentation of any material fact, including family income or composition, in the application for housing, or in any statements submitted to the Landlord.
 - (9) Keeping an animal or other pet in or on the premises in violation of Paragraph 14.n.
 - (10) Such change in household size or composition as to render inappropriate the Tenant's continued occupancy of the Unit.
 - (11) Serious or repeated violation of any of the rules or regulations applicable to the Tenant's dwelling

Unit or the premises as posted and in effect from time to time.

(12) Any criminal activity engaged in by Tenant, a household member, or a guest or other person under Tenant's control that threatens the health, safety or right to peaceful enjoyment of the premises by other tenants or the Landlord's employees, including any drug-related criminal activity on or near the premises.

- d. The Landlord shall give written notice of termination of this Lease Agreement as may be provided by any State or local law.
- e. The notice of Lease Agreement termination to the Tenant shall state specific grounds for termination, and shall inform the Tenant of the Tenant's right to make such reply as the Tenant may wish or to discuss the proposed termination with the Landlord.

17. NOTICE:

- a. Except as provided in Paragraph 17, notice to the Tenant shall be in writing and delivered to the Tenant or to an adult member of the tenant's household residing in the dwelling or sent by prepaid first-class mail, properly addressed to the Tenant. If the tenant is visually impaired, all notices must be in an accessible format.
- b. Notice to the Landlord shall be in writing, delivered to the Landlord's office or sent by prepaid first-class mail, properly addressed to the Landlord's office.
- c. Notices sent by regular first class mail shall be deemed delivered on the second business day after depositing the same for mailing with the U.S. Postal Service, postage prepaid.

18. REMOVAL OF TENANT'S PERSONAL PROPERTY ON TERMINATION:

Tenant agrees to remove all furniture and other personal property from the premises immediately upon the termination of this Lease Agreement. Any property left on the premises will be deemed abandoned, considered to be trash and will be disposed of by Landlord.

19. ABANDONMENT OF PROPERTY:

If Tenant is absent from the Unit, without notice, for thirty (30) days and rent is owed, Landlord has the right to consider that the Tenant has abandoned the Unit. Any of Tenant's remaining personal property shall be considered abandoned, treated as trash and may be disposed of by Landlord 72 hours after Landlord's delivering and mailing a written notice to this effect.

20. CUMULATIVE RIGHTS:

Each and every one of the rights and remedies of Landlord are cumulative and the exercise of any right or remedy does not waive its other rights under the Lease Agreement or the law. The failure to exercise any right or remedy under the Lease Agreement or law shall not be a waiver thereof, but may be exercised later.

21. CHANGES TO DWELLING LEASE AGREEMENT:

- a. Schedules of Charges, House Rules, and other policies and addenda which are incorporated in the Lease Agreement by reference will be publicly posted in a conspicuous manner in the Management Office and shall be furnished to Tenant upon request. Landlord may amend such schedules, rules, policies, etc. at any time, provided that Landlord shall give at least a 30-day written notice to each affected tenant setting forth the proposed policy or addendums and the reasons therefore, and providing the Tenant an opportunity to present written comments which shall be taken into consideration by Landlord prior to the adoption of the proposed policy or addendum.
- b. This Lease Agreement evidences the entire agreement between Landlord and Tenant. No modifications shall be made during the term of this Lease Agreement except in writing and signed by both parties to the Lease Agreement.
- c. The Landlord may amend the form or content of this Lease Agreement in order to reflect changes in the HOME Requirements or otherwise; provided that no amendment to this Lease Agreement shall be effective except upon the commencement of a new term, after at least 30 days' written notice to the Tenant. The Landlord may require the Tenant to sign a document agreeing to the amendment and may treat the failure to do so as a material lease violation and grounds for eviction. Regardless of whether the Tenant is asked to or does sign any amendment, Tenant agrees to be bound by any such amendment following the effective date of the notice, or to quit and vacate.

22. ACCOMMODATION OF PERSONS WITH DISABILITIES:

A person with disabilities shall for all purposes under this Lease Agreement be provided reasonable accommodation to the extent necessary to provide the person with an opportunity to use and occupy the Unit in a manner equal to that of a person without disabilities. This paragraph shall constitute notice, as required by 24 CFR sec. 966.7(b), that the Tenant may at any time during the term hereof or any renewal request reasonable accommodation of a disability of a household member, including reasonable accommodation so that the Tenant can meet lease requirements or other requirements of tenancy.

23. CONTENTS OF THIS AGREEMENT:

This Lease Agreement and its attachments make up the entire Lease Agreement between the Tenant and the Landlord regarding the Unit. If any Court declares a particular provision of this Lease Agreement to be invalid or illegal, all other terms of this Lease Agreement will remain in effect and both the Landlord and the Tenant will continue to be bound by them. This Lease Agreement shall be deemed to include all provisions of federal or state law which are required to be included herein and which provide the Tenant with rights or with notice thereof, provided that Landlord in fact provides to Tenant, in a separate notice or document, the notice or rights that are required to be provided.

24. ATTACHMENTS TO THE AGREEMENT:

The Tenant certifies that he/she has received a copy of this Lease Agreement and the following attachments to this Lease Agreement and understands that these Attachments are part of this Lease Agreement.

Attachment No. 1 - Initial Unit Inspection Report

Attachment No. 2 - House Rules

SIGNED:

TENANT:

LANDLORD:

Signature

By:

Date

Date

Signature

Date

EXHIBIT C
PROJECTED OPERATING EXPENSES

Mortgage Rate	\$2,420,000
Amortization	5.00%
	30

INCOME AND EXPENSE STATEMENT

INCOME: (2% annual increase)

	# Units	rooms	Bed	Gross Rents	Monthly Rent	Annual Rents		Year 2012				
								Median				
Annual Rental Income	21	0		\$678	\$14,238	\$170,856						
Laundry/other income	26	1		\$726	\$18,876	\$226,512		\$57,100	\$27,132			
Less Residential Vacancy	6	2		\$872	\$5,232	\$62,784		\$61,150	\$29,046			
Commercial Income	1	1 super		\$0	\$0	\$0		\$73,400	\$34,865			
Less Commercial Vacancy	54			\$2,276	\$38,346	\$460,152						
Total Income				\$447,144	\$456,087	\$465,209		\$474,513	\$484,003	\$493,684	\$503,557	\$513,628

EXPENSES: (3% annual increase)

Project Paid Utilities, Water, Sewer	1,337			\$72,200	\$74,366	\$76,597		\$78,895	\$81,262	\$83,700	\$86,211	\$88,797
Maintenance and Repairs	250			\$24,000	\$24,720	\$25,462		\$26,225	\$27,012	\$27,823	\$28,657	\$29,517
Salaries	969			\$16,000	\$16,480	\$16,974		\$17,484	\$18,008	\$18,548	\$19,105	\$19,678
Admin./Legal/Acctg.	564			\$30,456	\$31,370	\$32,311		\$33,280	\$34,278	\$35,307	\$36,366	\$37,457
Maintenance Contracts	278			\$15,000	\$15,450	\$15,914		\$16,391	\$16,883	\$17,389	\$17,911	\$18,448
Insurance	550			\$14,000	\$14,420	\$14,853		\$15,298	\$15,757	\$16,230	\$16,717	\$17,218
P.I.L.O.T. (7% Units & 15% Commercial)	551			\$32,100	\$33,063	\$34,055		\$35,077	\$36,129	\$37,213	\$38,329	\$39,479
Replacement Reserves	5%			\$23,008	\$23,008	\$23,008		\$23,008	\$23,008	\$23,008	\$23,008	\$23,008
Management Fee	7%			\$29,391	\$30,273	\$31,181		\$32,116	\$33,080	\$34,072	\$35,094	\$36,147
Asset Management Fee	0			\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Security Personnel	0			\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Total Expenses				\$256,155	\$263,149	\$270,353		\$277,774	\$285,417	\$293,289	\$301,397	\$309,741
Per Unit	4,744											
Total Income				\$447,144	\$456,087	\$465,209		\$474,513	\$484,003	\$493,684	\$503,557	\$513,628
Total Expenses				\$256,155	\$263,149	\$270,353		\$277,774	\$285,417	\$293,289	\$301,397	\$309,741
NOI				\$190,990	\$192,938	\$194,856		\$196,740	\$198,587	\$200,395	\$202,160	\$213,887
Debt Service				\$155,893	\$155,893	\$155,893		\$155,893	\$155,893	\$155,893	\$155,893	\$155,893
DSR				1.15	1.16	1.17		1.18	1.19	1.21	1.22	1.23
Cash Flow				\$35,097	\$37,045	\$38,963		\$40,847	\$42,694	\$44,502	\$46,267	\$57,994

INCOME AND EXPENSE STATEMENT (continued)

	9	10	11	12	13	14	15
Annual Rental Income	\$539,141	\$549,924	\$560,923	\$572,141	\$583,584	\$595,256	\$607,161
Laundry/Other Income	\$11,717	\$11,951	\$12,190	\$12,434	\$12,682	\$12,936	\$13,195
Less Residential Vacancy	-\$26,957	-\$27,496	-\$28,046	-\$28,607	-\$29,179	-\$29,763	-\$30,358
Commercial Income							
Less Commercial Vacancy							
	\$523,901	\$534,379	\$545,067	\$555,968	\$567,087	\$578,429	\$589,998
EXPENSES: (3% annual increase)							
Project Paid Utilities, Water, Sewer	\$91,461	\$94,205	\$97,031	\$99,942	\$102,940	\$106,028	\$109,209
Maintenance and Repairs	\$30,402	\$31,315	\$32,254	\$33,222	\$34,218	\$35,245	\$36,302
Salaries	\$20,268	\$20,876	\$21,503	\$22,148	\$22,812	\$23,497	\$24,201
Admin./Legal/Acctg.	\$38,581	\$39,738	\$40,930	\$42,158	\$43,423	\$44,726	\$46,067
Maintenance Contracts	\$19,002	\$19,572	\$20,159	\$20,764	\$21,386	\$22,028	\$22,689
Insurance	\$17,735	\$18,267	\$18,815	\$19,379	\$19,961	\$20,559	\$21,176
P.I.L.O.T. (7% Units & 15% Commercial)	\$40,663	\$41,883	\$43,140	\$44,434	\$45,767	\$47,140	\$48,554
Replacement Reserves	\$23,008	\$23,008	\$23,008	\$23,008	\$23,008	\$23,008	\$23,008
Management Fee	\$37,232	\$38,349	\$39,499	\$40,684	\$41,905	\$43,162	\$44,457
Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$318,351	\$327,212	\$336,338	\$345,738	\$355,419	\$365,392	\$375,663
Per Unit							
Total Income	\$523,901	\$534,379	\$545,067	\$555,968	\$567,087	\$578,429	\$589,998
Total Expenses	\$318,351	\$327,212	\$336,338	\$345,738	\$355,419	\$365,392	\$375,663
	\$205,550	\$207,167	\$208,729	\$210,230	\$211,668	\$213,037	\$214,334
	\$155,893	\$155,893	\$155,893	\$155,893	\$155,893	\$155,893	\$155,893
	1.24	1.25	1.26	1.27	1.28	1.29	1.30
	\$49,657	\$51,274	\$52,836	\$54,337	\$55,775	\$57,144	\$58,441

EXHIBIT D

Minimum Guaranteed Annual Payments in Lieu of Taxes

Minimum PILOT Payment – 3% Growth

Year 1	\$	32,100
Year 2	\$	33,063
Year 3	\$	34,055
Year 4	\$	35,077
Year 5	\$	36,129
Year 6	\$	37,213
Year 7	\$	38,329
Year 8	\$	39,479
Year 9	\$	40,663
Year 10	\$	41,883
Year 11	\$	43,140
Year 12	\$	44,434
Year 13	\$	45,767
Year 14	\$	47,140
Year 15	\$	48,554
Year 16	\$	50,011
Year 17	\$	51,511
Year 18	\$	53,057
Year 19	\$	54,648
Year 20	\$	56,288
Year 21	\$	57,976
Year 22	\$	59,716
Year 23	\$	61,507
Year 24	\$	63,352
Year 25	\$	65,253
Year 26	\$	67,210
Year 27	\$	69,227
Year 28	\$	71,304
Year 29	\$	73,443
Year 30	\$	75,646