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March 13, 2026

### **VIA ECOURTS**

**Honorable Linda Grasso Jones, J.S.C.**

Monmouth County Courthouse

71 Monument Street, Floor 2

Freehold, New Jersey 07728

**RE: In the Matter of the Application of the Borough of Highlands**  
**Docket No.: MON-L-196-25**

Dear Judge Jones:

On behalf of the Borough of Highlands (“Borough” or “Highlands”), please be advised as follows. On February 19, 2026, this Court entered a Consent Order recommending approval of the Borough’s Housing Element and Fair Share Plan subject to various conditions.

First, the Order requires the Borough to provide an adopted copy of O-25-24 executing the Financial Agreement for the Shadowlawn Redevelopment Plan. See Exhibit 1.

Second, the Order requires the Borough to amend its Housing Element and Fair Share Plan to provide tables indicating the required income distribution pursuant to the Amended FHA. See Exhibit 2.

Third, the Order requires the Borough to remove bonus credits ascribed to Unmet Need credits. See Exhibit 2.

Fourth, the Order requires the Borough to provide a Spending Plan that complies with N.J.A.C. 5:99. Attached please find a resolution adopting a Spending Plan that complies with N.J.A.C. 5:99 as well as the Spending Plan. See Exhibit 3 (R 26-085 Adopting Amended Spending Plan with supporting doc)

Finally, the order provides that “[t]he Borough shall update its Affordable Housing Ordinance, Development Fee Ordinance, Affirmative Marketing Plan, and other administrative documents in accordance with the regulations at N.J.A.C. 5:80-26.1, et seq, and N.J.A.C. 5:99 before March 15, 2026.

As to this final requirement, the Borough adopted the following ordinance: O-26-03 Affordable Housing Ordinance See Exhibit 4.

In addition, the Land Use Board or Borough adopted the following resolutions into those referenced above:

- Land Use Board Resolution Adopting an amendment to the Housing Element and Fair Share Plan. See Exhibit 5.
- R 26-082 Endorsing Amendment of HEFSP with supporting doc. See Exhibit 6.
- R 26-083 Amending Affirmative Marketing Plan. See Exhibit 7.
- R 26-084 Acknowledging Receipt And Review Of The Land Use Board Consistency Report For Ordinance 0-26-03 See Exhibit 8.
- R 26-086 Appointing Admin Agent with supporting doc. See Exhibit 9.

The Borough looks forward to addressing any questions or concerns the Court may have once it reviews this package of documents. We appreciate your attention to this matter.

Respectfully submitted,

*Jeffrey R. Surenian*

Jeffrey R. Surenian

cc: All Attorneys of Counsel (via ecourts)

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BOROUGH OF HIGHLANDS  
COUNTY OF MONMOUTH

## ORDINANCE O-25-24

### APPROVING THE APPLICATION FOR A LONG-TERM TAX EXEMPTION AND AUTHORIZING EXECUTION OF A FINANCIAL AGREEMENT

**WHEREAS**, the Borough of Highlands (the "**Borough**"), County of Monmouth is a public body corporate and politic of the State of New Jersey; and

**WHEREAS**, the governing body (the "**Borough Council**") of the Borough is authorized to determine whether certain property located within the Borough is in need of redevelopment under the New Jersey Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the "**Redevelopment Law**"); and

**WHEREAS**, pursuant to the Redevelopment Law, improvements to property located within an area in need of rehabilitation or redevelopment may qualify for long term tax exemptions under the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the "**Exemption Law**"); and

**WHEREAS**, on March 21, 2018, the Council of the Borough of Highlands, a municipal corporation in the County of Monmouth and the State of New Jersey (the "**Borough**"), in accordance with the Redevelopment Law, duly adopted Resolution No. 18-069 designating certain real property commonly referred to as the Shadow Lawn Mobile Home Park and identified as Block 105.107, Lot 1.1 on the tax map of the Borough (including land formerly designated as Block 110, Lot 8.01 on the Borough tax map) as an area in need of redevelopment (the "**Redevelopment Area**"); and

**WHEREAS**, on December 19, 2018, the Borough adopted the Shadow Lawn Mobile Home Park Redevelopment Plan for the Redevelopment Area, as amended (the "**Redevelopment Plan**"), establishing the development standards for the redevelopment of the Redevelopment Area; and

**WHEREAS**, Scenic Highlands Owner, LLC, ("**Redeveloper**") which will be qualified as urban renewal entity, Scenic Highlands Owner Urban Renewal Entity, LLC (the "**Urban Renewal Entity**") is the contract purchaser of the Redevelopment Area; and

**WHEREAS**, the Urban Renewal Entity proposes to develop the Redevelopment Area with a residential project including approximately (i) 292 rental units including a 15% set aside for affordable units; and (ii) associated infrastructure improvements, parking, clubhouse, and amenity spaces in accordance with the Redevelopment Agreement (defined herein) (the "**Project**"); and

**WHEREAS**, on November 5, 2025 the Borough adopted Resolution R 25-195, designating Redeveloper, and any successors or affiliates thereof, including the Urban Renewal Entity, as the "redeveloper" of the Redevelopment Area in accordance with the Act for the purpose of implementing the Project and authorizing the execution of a certain redevelopment agreement between the Parties (the "**Redevelopment Agreement**"); and

**WHEREAS**, the provisions of the Exemption Law, authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid by the Urban Renewal Entity to the Borough; and

**WHEREAS**, in order to enhance the economic viability of and opportunity for a successful Project, the Urban Renewal Entity submitted to the Mayor an application (the "**Application**"), which is on file with the Borough Clerk, seeking a tax exemption in connection with the Project pursuant to the Exemption Law, in exchange for which the Urban Renewal Entity proposes to make payments to the Borough in lieu of taxes; and

**WHEREAS**, the Urban Renewal Entity also submitted to the Mayor a form of financial agreement (the "**Financial Agreement**"), a copy of which is attached as an exhibit to the Application, establishing the rights, responsibilities and obligations of the Urban Renewal Entity; and

**WHEREAS**, pursuant to the terms of the Financial Agreement, in lieu of real property taxes on the Project, the Entity will pay an annual service charge and administrative fee (the "Annual Service Charge") to the Borough; and

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

**WHEREAS**, the Borough Council has determined that the Project represents an undertaking permitted by the Exemption Law.

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Borough Council of the Borough of Highlands, County of Monmouth, New Jersey, as follows:

**Section 1.** The aforementioned recitals are incorporated herein as if fully set forth at length.

**Section 2.** The Application and Financial Agreement are hereby approved in accordance with Section 8 of the Exemption Law.

**Section 3.** The Mayor is hereby authorized and directed to execute the Financial Agreement substantially in the form attached as Exhibit A together with such additions, deletions and other modifications deemed necessary upon consultation with counsel to the Borough, and prepare, amend or execute any other agreements necessary to effectuate this ordinance, subject to modification or revisions, as deemed necessary and appropriate.

**Section 4.** Executed copies of the Financial Agreement shall be attested to, sealed and certified by and be filed with the Office of the Borough Clerk. The Clerk shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of the Borough, and County Counsel and the Chief Financial Officer of Monmouth County within ten (10) days of the execution of the Financial Agreement in accordance with the Exemption Law.

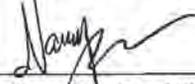
**Section 5.** This Ordinance shall take effect in accordance with law.

First Reading and Set Hearing Date for O-25-24:

	INTRODUCED	SECOND	AYE	NAY	ABSTAIN	ABSENT
CERVANTES						X
CHELAK			X			
MELNYK	X		X			
OLSZEWSKI		X	X			
BROULLON			X			

This is a Certified True copy of the Original Ordinance on file in the Municipal Clerk's Office.

DATE OF VOTE: November 5, 2025

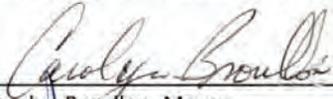
  
 \_\_\_\_\_  
 Nancy Tran, Municipal Clerk  
 Borough of Highlands

Public Hearing for O-25-24:

	INTRODUCED	SECOND	AYE	NAY	ABSTAIN	ABSENT
CERVANTES			X			
CHELAK			X			
MELNYK	X		X			
OLSZEWSKI		X	X			
BROULLON			X			

This is a Certified True copy of the Original Ordinance on file in the Municipal Clerk's Office.

DATE OF VOTE: December 3, 2025

  
\_\_\_\_\_  
Carolyn Broullon, Mayor

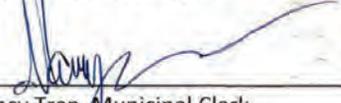
  
\_\_\_\_\_  
Nancy Tran, Municipal Clerk  
Borough of Highlands

EXHIBIT A

**THIS AGREEMENT AND THE ORDINANCE ATTACHED HERETO AS EXHIBIT 4 SECURE BONDS OR OTHER OBLIGATIONS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THE “REDEVELOPMENT AREA BOND FINANCING LAW” AND THE LIEN HEREOF IN FAVOR OF THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-MUNICIPAL LIENS HEREAFTER RECORDED**

Record and return to:

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Michael Bruno, Esq.  
Giordano, Halleran & Ciesla, PC  
125 Half Mile Road  
Suite 300  
Red Bank, New Jersey 07701

**THIS FINANCIAL AGREEMENT** (hereinafter “**Agreement**” or “**Financial Agreement**”), made this 3<sup>rd</sup> day of February, 2026 (the “**Effective Date**”) by and between **Scenic Highlands Owner Urban Renewal, LLC**, to be qualified as an urban renewal entity prior to the execution of this Agreement, along with its successors and/or assigns (including any Transferee (as defined herein)), qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, *N.J.S.A. 40A:20-1, et seq.* (the “**Long Term Tax Exemption Law**”), with offices at 515 Marin Boulevard, Jersey City, New Jersey 07302 (the “**Urban Renewal Entity**”) and the **Borough of Highlands**, a municipal corporation in the County of Monmouth and the State of New Jersey, with offices at 151 Navesink Avenue, Highlands, New Jersey 07732 (the “**Borough**”, and together with the Urban Renewal Entity, the “**Parties**”).

**WITNESSETH:**

**WHEREAS**, the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “**Act**”), provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment; and

**WHEREAS**, on March 21, 2018, the Council of the Borough of Highlands, a municipal corporation in the County of Monmouth and the State of New Jersey (the “**Borough**”), in accordance with the Redevelopment Law, duly adopted Resolution No. 18-069 designating certain real property commonly referred to as the Shadow Lawn Mobile Home Park and identified as Block 105.107, Lot 1.01 on the tax map of the Borough as an area in need of redevelopment (also formerly known as Lot 1.1 on the Borough tax maps, including land formerly designated as Block 110, Lot 8.01 on the Borough tax map) (the “**Redevelopment Area**”); and

**WHEREAS**, on December 19, 2018, the Borough adopted the Shadow Lawn Mobile Home Park Redevelopment Plan for the Redevelopment Area, as amended (the “**Redevelopment**

**Plan**”), establishing the development standards for the redevelopment of the Redevelopment Area; and

**WHEREAS**, by way of assignment, the Urban Renewal Entity will be the contract purchaser of the Redevelopment Area as described in **Exhibit 1**; and

**WHEREAS**, the Urban Renewal Entity proposes to develop the Redevelopment Area with a residential project including approximately (i) 292 rental units including a 15% set aside for affordable units; and (ii) associated infrastructure improvements, parking, clubhouse, and amenity spaces in accordance with the Redevelopment Agreement (defined herein) (the “**Project**”); and

**WHEREAS**, on [\_\_\_\_], 2025 the Borough adopted Resolution #[\_\_\_\_], designating the Urban Renewal Entity as the “redeveloper” of the Redevelopment Area in accordance with the Act for the purpose of implementing the Project and authorizing the execution of a certain redevelopment agreement between the Parties (the “**Redevelopment Agreement**”); and

**WHEREAS**, in order to implement the development, financing, construction, operation and management of the Project, the Borough and the Urban Renewal Entity entered into the Redevelopment Agreement which specifies the rights and responsibilities of the Borough and the Urban Renewal Entity with respect to certain aspects of the Project; and

**WHEREAS**, in order to enhance the economic viability of and opportunity for a successful project, Borough will enter into this Financial Agreement with the Urban Renewal Entity governing payments to be made to the Borough in lieu of real estate taxes on the Project pursuant to the Long Term Tax Exemption Law; and

**WHEREAS**, despite the Urban Renewal Entity’s investment of equity and borrowed funds, such amounts are insufficient to pay for all of the costs associated with the development and construction of the Project; and

**WHEREAS**, the provisions of the Long Term Tax Exemption Law and the Redevelopment Area Bond Financing Law, *N.J.S.A. 40A:12-64, et seq.* (the “**Bond Financing Law**”) authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid by the Urban Renewal Entity to the Borough; and

**WHEREAS**, pursuant to the terms of this Financial Agreement, the Urban Renewal Entity has agreed to make payment of the Annual Service Charge and Administrative Fee (each as defined herein) to the Borough; and

**WHEREAS**, the Urban Renewal Entity filed an Application (as defined herein) with the Borough for approval of a long term tax exemption for the Improvements (as defined herein) as permitted by the Long Term Tax Exemption Law; and

**WHEREAS**, upon review of the Application, the Borough has made the following findings with respect to the Project:

A. Relative Benefits of the Project:

The development and construction of the Project as set forth in the Redevelopment Agreement will be beneficial to the overall community; will achieve certain of the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; and will enhance the economic development of the Borough. The Project is expected to produce approximately 300 construction jobs and 10 permanent jobs. The Project will generate significant amounts of new municipal revenues through the Annual Service Charge and water/sewer fees. The Project will include fifteen (15) percent of the total number of residential units as very low, low and moderate income housing units which will further the Borough's ability to satisfy its Affordable Housing obligations. In light of market conditions and other economic factors impacting this Project, it is not financially feasible to undertake the development of this Project in the absence of the tax exemption. Accordingly, without the incentive of the tax exemption, it is unlikely that the Project would be undertaken. Without the Project, the benefits described above would not be realized.

B. Assessment of the importance of the tax exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

The tax exemption permits the private development of underutilized property and provides a stream of revenue in the form of the Annual Service Charge. The relative stability and predictability of the Annual Service Charge will allow the owners and, by extension, the occupants, of the Project to stabilize their expenses, which will ensure the likelihood of the success of the Project and ensure that it will have a positive impact on the surrounding area. Further, the relative stability and predictability of the Annual Service Charge makes the Project more attractive to investors and lenders needed to finance the Project. The tax exemption permits the development of the Project in an area that cannot otherwise be developed by reducing the expenses associated with the operation of the Project.

**WHEREAS**, on [ ], 2025, the Borough Council adopted an Ordinance approving the Application, including the Annual Service Charge and Administrative Fee, and authorized the execution of this Agreement (the "**Ordinance**", attached hereto as *Exhibit 2*); and

**WHEREAS**, pursuant to the Bond Financing Law, specifically *N.J.S.A. 40A:12A-68*, the Annual Service Charge shall, upon the recordation of this Financial Agreement and the Ordinance, constitute a municipal lien on the Redevelopment Area and the Project within the meaning of the law; and

**WHEREAS**, pursuant to and in accordance with the provisions of the Bond Financing Law, specifically *N.J.S.A. 40A:12A-65* and *67(a)*, the Borough will issue NON-RECOURSE bonds in the principal amount not to exceed \$500,000.00 in order to finance a portion of the costs of the Project (the "**Redevelopment Bonds**") in accordance with the terms and provisions of a resolution authorizing the issuance of the Redevelopment Bonds to be adopted by the Borough

Council a form of which is attached as *Exhibit 4* (the “**Bond Resolution**”); and

**WHEREAS**, pursuant to the terms of this Financial Agreement, the Annual Service Charge (as defined herein) shall be pledged to the payment of the principal of, redemption premium, if any, and interest on the Redevelopment Bonds; and

**WHEREAS**, prior to, and as conditions precedent to, the issuance of any and all of the Redevelopment Bonds and in accordance with all applicable law, including without limitation, *N.J.S.A. 40A:12A-29(a)(3)* and *N.J.S.A. 40A:12A-67(g)*, (i) the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs (the “**Local Finance Board**”) will have issued all necessary statutory findings and approvals, pursuant to a resolution duly adopted at a meeting of the Local Finance Board, and (ii) the Borough Council will have adopted the Bond Resolution; and

**WHEREAS**, in order to satisfy the requirements of the Long Term Tax Exemption Law and to set forth the terms and conditions under which the Parties shall carry out their respective obligations including but not limited to (a) the payment of the Annual Service Charge by the Urban Renewal Entity, in lieu of real property taxes, and (b) the issuance of Redevelopment Bonds by the Borough, the Parties have determined to execute this Financial Agreement.

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

ARTICLE I.

GENERAL PROVISIONS

**Section 1.01 Governing Law** – This Financial Agreement shall be governed by the provisions of (a) the Long Term Tax Exemption Law, the Act, the Bond Financing Law and such other statutes as may be the sources of relevant authority, (b) the Ordinance, and (c) all other Applicable Laws. It is expressly understood and agreed that the Borough expressly relies upon the facts, data, and representations contained in the Application, attached hereto as *Exhibit 3*, in granting this tax exemption.

**Section 1.02 General Definitions** – The following terms shall have the meaning assigned to such term in the preambles hereof:

<u>Act</u>	<u>Ordinance</u>
<u>Agreement/Financial Agreement</u>	<u>Parties</u>
<u>Bond Financing Law</u>	<u>Project</u>
<u>Bond Resolution</u>	<u>Redevelopment Area</u>
<u>Borough</u>	<u>Redevelopment Agreement</u>
<u>Borough Council</u>	<u>Redevelopment Area</u>
<u>Effective Date</u>	<u>Redevelopment Bonds</u>
<u>Local Finance Board</u>	<u>Redevelopment Plan</u>
<u>Long Term Tax Exemption Law</u>	<u>Redevelopment Plan Ordinance</u>
	<u>Urban Renewal Entity</u>

Capitalized terms used but not defined herein shall have the meaning assigned thereto in the Redevelopment Agreement. Unless specifically provided otherwise or the context otherwise requires, the following terms when used in this Agreement shall mean:

Administrative Fee - As defined in Section 16.11 herein.

Allowable Net Profit - The amount arrived at by applying the Allowable Profit Rate to the cost of the Project pursuant to the provisions of *N.J.S.A. 40A:20-3* (b) and (c).

Allowable Profit Rate - The annual percentage rate as set forth in *N.J.S.A. 40A:20-3*(b). The provisions of *N.J.S.A. 40A:20-3*(b) are incorporated herein by reference.

Annual Gross Revenue – Pursuant to *N.J.S.A.* 40A:20-3, the annual gross revenue of the Urban Renewal Entity for space leased either to a lessee, sublessee or end user, shall include all rental charges generated from tenants in the Project, and all application fees, pet fees, parking fees, floor or view premiums, health club fees, and any other fees or charges charged to tenants or prospective tenants in the Project as well as any other revenue received by the Urban Renewal Entity in connection with the Project or the Land. Annual Gross Revenue shall specifically exclude such items permitted under the Long Term Exemption Law, including, without limitation, condemnation awards, insurance proceeds, gains from sales, transfers, or assumption of the Project or any part thereof, proceeds of any financing or refinancing, proceeds from any disposition of a partner or a partner's interest in the Urban Renewal Entity or any successor entity. In the event the sublessee or end user is an entity related to the Urban Renewal Entity, the lease rate shall be either a market rate or, if not actually a market rate, for purposes of calculating the Urban Renewal Entity's Annual Gross Revenue, shall be imputed to be a market rate. Any operating expenses paid by the tenant that are ordinarily paid by the landlord shall be treated as revenue to the Urban Renewal Entity.

Annual Service Charge – The payment by the Urban Renewal Entity pursuant to Article IV herein, which: (a) the Urban Renewal Entity has agreed to pay in part for municipal services supplied to the Project, (b) is in lieu of any taxes on the Improvements and Land pursuant to *N.J.S.A.* 40A:20-12, (c) shall be paid on the Annual Service Charge Payment Dates as defined herein, and (d) shall be pro-rated in the year in which this Agreement begins and the year in which this Agreement terminates. The Annual Service Charge for the Project is set forth in Section 4.03.

Annual Service Charge Payment Dates – With respect to the Project as a whole, February 1, May 1, August 1 and November 1 of each year commencing on the first day of the month following the Annual Service Charge Start Date and ending on the thirtieth (30th) anniversary date thereof.

Annual Service Charge Start Date – The first Annual Service Charge Payment Date occurring after the Borough issues a Certificate of Occupancy for the Project, or portion thereof, as applicable.

Applicable Law – All federal, State and local laws, ordinances, approvals, rules, regulations and requirements applicable thereto including, but not limited to, the Act, the Bond Financing Law, the Long Term Tax Exemption Law, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary, pollution and other environmental safety ordinances, laws and such rules and regulations thereunder, including all applicable environmental laws, applicable federal and State labor standards and all applicable laws or regulations with respect to the payment of prevailing wages, if and to the extent any of the foregoing are applicable to the Land and the Project.

Application – The application filed by the Urban Renewal Entity pursuant to *N.J.S.A.* 40A:20-8 with the Mayor of the Borough for a long-term tax exemption for the Project, attached hereto as *Exhibit 3*.

Auditor's Report – A complete financial statement outlining the financial status of the Project (for a period of time as indicated by context), which shall also include a certification of Total Project Cost and clear computation of Net Profit as provided in *N.J.S.A. 40A:20-3(c)(2)*. The Net Profit calculation shall be included in a separate, supplemental reporting section of the Auditor's Report. The Auditor's opinion on the financial statements shall include, at a minimum, a "relation to the financial statements as a whole" opinion with respect to the separate, supplemental section. The separate, supplemental section regarding excess Net Profit shall also include an excess Net Profit calculation schedule that sets forth the Urban Renewal Entity's activity with respect to excess Net Profit. The contents of the Auditor's Report shall be prepared in conformity with generally accepted accounting principles. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant licensed to practice that profession in the State.

Certificate of Completion – A certificate or certificates, as defined in the Redevelopment Agreement, issued by the Borough authorizing occupancy of a building, in whole or in part, and certifying that the Urban Renewal Entity has performed its duties and obligations under the Redevelopment Agreement and the Redevelopment Plan with respect to the Project.

Certificate of Occupancy – A temporary or final Certificate of Occupancy, as such term is defined in the New Jersey Administrative Code, is issued by the Borough authorizing occupancy of a building, in whole or in part upon Completion (hereinafter defined), of each phase of the Project, if applicable, pursuant to *N.J.S.A. 52:27D-133*.

Change in Law – The enactment, promulgation, modification or repeal of or with respect to Applicable Law, including without limitation, the Long Term Tax Exemption Law, the Bond Financing Law, the Act or other similar statute with respect to the matters addressed by the terms of this Financial Agreement and/or the transactions contemplated hereby.

Chief Financial Officer – The Borough's chief financial officer.

Completion, Complete or Completed – With respect to the Project, (a) all work related to the Project in its entirety or any other work or actions to which such term is applied has been completed, acquired and/or installed in accordance with the Redevelopment Agreement and in compliance with Applicable Laws so that (i) the Project in its entirety may, in all respects, be used and operated under the applicable provisions of the Redevelopment Agreement, or (ii) with respect to any other work or action to which such term is applied, that the intended purpose of such work or action has been completed; (b) all permits, licenses and approvals that are required in order that a Certificate of Completion can be issued for the Project in its entirety or such other work or action to which such term is applied are in full force and effect; and (c) such "completion" has been evidenced by a written notice provided by the Urban Renewal Entity with respect to the Project, which determination is reasonably acceptable to the Borough.

Completion Date – The date in which the Certificate of Completion, as defined in the Redevelopment Agreement, is issued for the Project.

County – The County of Monmouth.

County Share – As defined in Section 16.07 herein.

Debt Service – The amount required to make annual payments of principal and interest or the equivalent thereof on any of the Redevelopment Bonds in accordance with the Bond Resolution.

Default – A breach of or the failure of either Party to perform any obligation imposed upon such Party by the terms of this Agreement, or under Applicable Law, beyond any applicable grace or cure periods.

Excess Profit Accounting Period: Any period, but not less than one fiscal year of the Urban Renewal Entity, in which the aggregate Net Profit of the Urban Renewal Entity exceed aggregate Allowable Net Profit on a cumulative basis as determined in accordance with the provisions of the Long Term Tax Exemption Law. The first Excess Profit Accounting Period shall commence upon the issuance of a Certificate of Occupancy for the Project and terminate at the end of the fiscal year in which such aggregate Net Profit of the Urban Renewal Entity exceeds the aggregate Allowable Net Profit for the entire period, taken as one accounting period. Each subsequent Excess Profit Accounting Period shall commence on the first day of the next fiscal year of the Urban Renewal Entity after the end of the last Excess Profit Accounting Period and shall terminate at the end of the fiscal year in which such aggregate Net Profit of the Urban Renewal Entity exceed the aggregate Allowable Net Profit for the entire period, taken as one accounting period.

Exhibit(s) – Any exhibit attached hereto which shall be deemed to be a part of this Financial Agreement, as if set forth in full in the text hereof.

Financial Plan – The financial plan for the development of the Project, as attached to the Application as Exhibit 14.

Improvements – Any building, structure or fixture permanently affixed to the Land as part of the Project, recognized and exempted from taxation under this Agreement, but not the Land.

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

Land – The real property, but not the Improvements, known as Block 105.107, Lot 1.01 on the tax maps of the Borough, and more particularly described by the metes and bounds description set forth as ***Exhibit 1*** to this Agreement.

Land Taxes – The amount of taxes assessed on the value of Land, in the event it is determined that the Land is not exempt, exclusive of the value of any Improvements related thereto, in accordance with Applicable Laws.

Land Tax Payments – Payments made on the quarterly due dates for Land Taxes as determined by the Tax Assessor and the Tax Collector.

Material Conditions – As defined in Section 4.05 herein.

Minimum Annual Service Charge – As defined in Section 4.04(b) herein.

Net Profit – The annual Gross Revenue of the Urban Renewal Entity pertaining to the Project less all operating and non-operating expenses of the Urban Renewal Entity, all determined in accordance with generally accepted accounting principles and the provisions of *N.J.S.A. 40A:20-3(c)*. Without limiting the foregoing, included in expenses shall be (i) payments of principal and interest on Project financing made by the Urban Renewal Entity, and (ii) an amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost over the term of the exemption granted pursuant to this Agreement as well as all other expenses permitted under the provisions of *N.J.S.A. 40A:20-3(c)*.

Net RAB Proceeds – As defined in Section 6.02 herein.

Project – As defined in the recitals.

Property: The Land and the Improvements.

Redevelopment Bonds – One or more series of taxable or tax-exempt NON-RECOURSE bonds (i.e., not subject to the general obligation of the Borough) authorized and issued by the Borough pursuant to the Act and the Bond Financing Law, the proceeds of which shall be applied toward payment of the costs of issuance of the Redevelopment Bonds and the costs of the Project.

State – The State of New Jersey.

Substantial Completion – The date the work related to the Project, or phase thereof, is sufficiently complete in accordance with the Redevelopment Plan and the Redevelopment Agreement so that the Urban Renewal Entity can occupy or utilize the Project, or portion thereof, for the use for which it is intended such that at least a temporary Certificate of Occupancy therefor shall have been issued by the Borough. This date shall be confirmed by a certificate of Substantial Completion signed by the Urban Renewal Entity.

Tax Assessor – The Borough tax assessor.

Tax Collector – The Borough tax collector.

Tax Sale Law – *N.J.S.A. 54:5-1 et seq.*, as the same may be amended or supplemented from time to time.

Term – As defined in Section 3.01 of this Agreement.

Termination – The expiration of the Term of this Agreement in accordance with Section 3.01 hereof or any action or omission, including Default, which by operation of the terms of this Financial Agreement shall cause the Urban Renewal Entity to relinquish its tax exemption, or upon the Urban Renewal Entity's termination hereof as provided herein.

Total Project Cost – The total cost of construction of the Project through the date that is the later of (i) the issuance of the final Certificate of Occupancy is issued for the entire Project, or (ii) the issuance of the Certificate of Completion, which categories of cost are as defined in *N.J.S.A.*

40A:20-3(h). There shall be included in Total Project Cost the actual costs incurred to construct the Improvements which are specifically described and estimated in Exhibit 11 to the Application. The architect certification required under N.J.S.A. 40A:20-3(h)(4) shall be submitted with the initial Auditor's Report.

Transferee – As defined in Section 9.01 herein.

Transferee Agreement – As defined in Section 9.01 herein.

**Section 1.03 Interpretation and Construction** - In this Financial Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Financial Agreement, refer to this Financial Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of execution and delivery of this Financial Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Financial Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Financial Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any person or party hereunder shall not be unreasonably withheld, conditioned, or delayed.

(f) All notices to be given hereunder and responses thereto shall be given, unless a certain number of days is specified, within a reasonable time, which shall not be more than twenty (20) days, unless the context dictates otherwise.

(g) This Financial Agreement shall become effective upon its execution and delivery by the parties hereto, after adoption of the Ordinance.

(h) All exhibits referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof.

## ARTICLE II.

## **BASIS OF AGREEMENT**

**Section 2.01 Grant of Tax Exemption** - The Borough hereby grants its approval for a tax exemption for the Project in accordance with the provisions of the Long Term Tax Exemption Law. Pursuant to the Ordinance, the Land and Improvements to be owned, constructed and maintained by the Urban Renewal Entity shall be exempt from taxation as provided for herein.

**Section 2.02 Representations of Urban Renewal Entity** - The Urban Renewal Entity represents that its Certificate of Formation as attached to the Application as *Exhibit 2* contains all the requisite provisions of law, has been reviewed and approved by the Commissioner of the State Department of Community Affairs, and has been filed with, as appropriate, the State Department of Treasury, all in accordance with *N.J.S.A. 40A:20-5*.

**Section 2.03 Improvements to be Constructed** - The Urban Renewal Entity represents that it will construct the Project in accordance with the Redevelopment Agreement, Redevelopment Plan, the final site plan approvals and Applicable Law, the use of which is more specifically described in the Application attached hereto as *Exhibit 3*.

**Section 2.04 Construction Schedule** - The Urban Renewal Entity agrees it shall diligently undertake to commence construction and complete the Project in accordance with the Project Schedule attached to the Application as Exhibit 17 as same may be amended in accordance with the applicable provisions of the Redevelopment Agreement. Any amendment to the Project Schedule under the Redevelopment Agreement shall be deemed an amendment to this Financial Agreement.

**Section 2.05 Ownership, Management and Control** - The Urban Renewal Entity represents that it is, or will be at the time of execution of this Agreement, the contract purchaser of the Land upon which the Project is to be constructed and which is the subject of this Agreement. Acquisition of the Land shall be complete before commencement of construction of the Project. The Urban Renewal Entity expressly covenants, warrants and represents that upon Completion in accordance with the Redevelopment Agreement, the Project, including all Land and Improvements, shall be used, managed and operated for the purposes set forth in the Application and in accordance with the Redevelopment Plan and all Applicable Law.

**Section 2.06 Financial Plan** - The Urban Renewal Entity represents that, if it is able, using commercially reasonable good faith efforts to procure such necessary financing, the Improvements shall be financed in accordance with the Financial Plan attached to the Application as Exhibit 14. The Financial Plan sets forth estimated Total Project Cost, amortization rate on Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

## **ARTICLE III.**

### **DURATION OF AGREEMENT**

**Section 3.01 Term** - It is understood and agreed by the Parties that this Agreement, including the obligation to pay the Annual Service Charge required under Article IV hereof and

the tax exemption granted and referred to in Section 2.01 hereof, shall remain in full force and effect until the earlier of (i) thirty-five (35) years from the Effective Date, or (ii) thirty (30) years from the Annual Service Charge Start Date for the Project (the “Term”). The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a qualified corporation, association or other urban renewal entity formed and operating under the Long Term Tax Exemption Law, except for permitted conveyances as stated in Article IX of this Financial Agreement. Upon Termination, the tax exemption for the Project shall expire and the Land and Improvements shall thereafter be assessed and taxed according to the general law then applicable to other non-exempt property in the Borough. Upon Termination, all restrictions and limitations upon the Urban Renewal Entity shall terminate upon the Urban Renewal Entity's rendering and the Borough's acceptance of its final accounting, pursuant to *N.J.S.A. 40A:20-13*.

**Section 3.02** Limitation of Voluntary Termination by Urban Renewal Entity - Notwithstanding anything herein to the contrary, neither the Urban Renewal Entity nor the Borough may at any time terminate this Agreement during the period when any Redevelopment Bonds remain “outstanding”. The Urban Renewal Entity expressly acknowledges, understands and agrees that in accordance with the Bond Financing Law, specifically *N.J.S.A. 40A:12A-66(a)*, the relinquishment provisions set forth in the Long Term Tax Exemption Law, specifically *N.J.S.A. 40A:20-9(g)* and 13, shall not be applicable in accordance with, pursuant to, and under this Agreement during such period when the Redevelopment Bonds remain outstanding. The Urban Renewal Entity expressly rejects, refuses, relinquishes, surrenders, and otherwise waives any and all rights of relinquishment of its status under the acts and this Agreement during such period when the Redevelopment Bonds remain outstanding that it may have otherwise been entitled to in accordance with any Applicable Law, including without limitation, *N.J.S.A. 40A:20-13*. Notwithstanding anything to the contrary contained herein, if the Redevelopment Bonds are not “outstanding” (including such circumstance where the Urban Renewal Entity elects to satisfy, acquire or otherwise retire the Redevelopment Bonds as a condition of its election to terminate this Agreement in accordance with the terms thereof), the Urban Renewal Entity may at any time after the expiration of one year from the Completion Date notify the Borough that as of a certain date designated in the notice, it relinquishes its status under the Long Term Tax Exemption Law and that the Urban Renewal Entity has obtained, to the extent required under Applicable Law, the consent of the Commissioner of the Department of Community Affairs. Upon Termination of the Agreement, all restrictions and limitations upon the Urban Renewal Entity shall terminate upon the Urban Renewal Entity’s rendering subject to the Borough’s acceptance of its final accounting, pursuant to *N.J.S.A. 40A:20-13* .

## ARTICLE IV.

### ANNUAL SERVICE CHARGE

**Section 4.01** Consent of Urban Renewal Entity to Annual Service Charge - The Urban Renewal Entity hereby irrevocably consents and agrees to the amount of Annual Service Charge and to the liens established in this Agreement, and the Urban Renewal Entity shall not contest the validity or amount of the Annual Service Charge and such lien. Notwithstanding anything herein

to the contrary, as long as any Redevelopment Bonds remain outstanding, and notwithstanding the Term of this Financial Agreement or the duration of the tax exemption provided for in Section 3.01 hereof, the Urban Renewal Entity's obligation to pay the Annual Service Charge shall be absolute and unconditional and shall not be subject to any defense, set-off, recoupment or counterclaim. The Urban Renewal Entity's remedies shall be limited to those specifically set forth herein.

**Section 4.02 Quarterly Installments** – The Urban Renewal Entity agrees that payment of the Annual Service Charge shall be paid to the Borough on a quarterly basis on February 1, May 1, August 1, and November 1 of each year commencing on the Annual Service Charge Start Date. In the event that the Urban Renewal Entity fails to timely pay any installment, the entire amount past due on the Land shall bear until paid the highest rate of interest permitted to be assessed under applicable State law against delinquent taxpayers in the case of unpaid taxes or tax liens, which interest rate is currently 18%.

**Section 4.03 Annual Service Charge**. In consideration for the tax exemption provided for herein, the Entity shall make payment to the Borough, in lieu of real property taxes on the Improvements within the Redevelopment Area, of an Annual Service Charge, which shall not include the Debt Service charges, commencing on the Annual Service Charge Start Date, as follows, subject to Sections 4.04 (b) and 4.10 herein:

- (a) **Stage One (Years 1 – 5)**. Commencing on the Annual Service Charge Start Date through the conclusion of the fifth (5<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 7.5% of the Annual Gross Revenue.
- (b) **Stage Two (Years 6 - 10)**. From the first day of the sixth (6<sup>th</sup>) year of the Exemption Term through the conclusion of the tenth (10<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to twelve percent (8%) of the Annual Gross Revenue.
- (c) **Stage Three (Years 11 – 15)**. From the first day of the eleventh (11<sup>th</sup>) year of the Exemption Term through the conclusion of the fifteenth (15<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 8.5% of the Annual Gross Revenue.
- (d) **Stage Four (Years 16 – 20)**. From the first day of the sixteenth (16<sup>th</sup>) year of the Exemption Term through the conclusion of the twentieth (20<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 10% of the Annual Gross Revenue.
- (e) **Stage Five (Years 21- 25)**. From the first day of the twenty-first (21<sup>st</sup>) year of the Exemption Term through the conclusion of the twenty-fifth (25<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 11.5% of the Annual Gross Revenue.
- (f) **Stage Six (Years 26-27)**. From the first day twenty-sixth (26<sup>th</sup>) year of the Exemption Term through the conclusion of the twenty-seventh (27<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 13% of the Annual Gross Revenue.

(g) Stage Seven (Years 28-30). From the first day of the twenty-eighth (28<sup>th</sup>) year of the Exemption Term through the conclusion of the thirtieth (30<sup>th</sup>) year of the Exemption Term, the Annual Service Charge shall be an amount equal to 14% of the Annual Gross Revenue.

In accordance with the Bond Financing Law, specifically *N.J.S.A. 40A:12A-66(a)*, the minimum or maximum percentages as established in the Long Term Tax Exemption Law are not applicable to the Project since a portion of the costs of the Project are financed with the proceeds of the Redevelopment Bonds. The Annual Service Charge is in lieu of any and all other municipal real estate taxes on the Land and Improvements pursuant to *N.J.S.A. 40A:20-12*.

**Section 4.04 Payment of Annual Service Charge** - In consideration of the exemption from taxation for the Improvements, the Urban Renewal Entity or any successor, as applicable, shall pay the Annual Service Charge, to the Borough on the Annual Service Charge Payment Dates as set forth below:

(a) Following the issuance of a Certificate of Occupancy for the Improvements, or any portion thereof, the Urban Renewal Entity shall be responsible for the payment of the Annual Service Charge applicable to such Improvements, as provided in Section 4.03, commencing on the Annual Service Charge Payment Date first occurring after the Annual Service Charge Start Date, and each Annual Service Charge Payment Date thereafter occurring. In the event that the Urban Renewal Entity fails to timely pay any installment, the amount past due shall bear until paid the highest rate of interest permitted to be assessed under applicable State law against delinquent taxpayers in the case of unpaid taxes or tax liens. The Urban Renewal Entity shall be responsible for the Annual Service Charge due with respect to all Improvements for which a Certificate of Occupancy has been issued, regardless of the whether same has been leased.

(b) In no event shall the Annual Service Charge be less than the greater of (i) the amount of the total taxes levied against the Land in the last full year in which the Land was subject to conventional taxation or the (ii) the County Share, plus the Land Taxes (the "Minimum Annual Service Charge").

(c) The Borough agrees that if the Annual Service Charge exceeds the total amount of real estate taxes otherwise due on the Redevelopment Area, the Annual Service Charge will be reduced to the equivalent of real estate taxes due on the Redevelopment Area.

**Section 4.05 Material Conditions** - It is expressly agreed and understood that all payments of Land Taxes, Annual Service Charges, the Administrative Fee and any interest payments, penalties or costs of collection due thereon, are material conditions of this Financial Agreement. If any other term, covenant or condition of this Financial Agreement or the Application, as to any person or circumstance shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Financial Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term, covenant or condition of this Financial Agreement shall be valid and enforced to the fullest extent permitted by Applicable Law.

**Section 4.06** No Reduction in Payment of the Annual Service Charge - Neither the amounts nor dates established for payment of the Annual Service Charge, as provided in Sections 4.02 and 4.03 hereof shall be reduced, amended or otherwise modified during the Term of this Agreement, through any tax appeal on the Improvements or the Land or otherwise, unless a tax appeal is required to correct the future land assessment due to errors in the assessment or due to changed circumstances or market conditions.

**Section 4.07** Annual Service Charge as Municipal Lien - The Borough and the Urban Renewal Entity hereby expressly acknowledge, understand and agree that in accordance with the Bond Financing Law, specifically *N.J.S.A. 40A:12A-68*, and other Applicable Law, upon the recordation of the Ordinance and this Financial Agreement (a) the Ordinance, this Financial Agreement and any amount due hereunder, including without limitation, the Annual Service Charge, shall be a continuous, municipal lien on the Redevelopment Area and the Project, and that any subsequent Annual Service Charge, including any interest, penalties or costs of collection thereof, that shall thereafter become due or accrue, shall be added and relate back to and be part of the initial municipal lien on the Redevelopment Area and the Project, (b) the Ordinance, this Financial Agreement and any amounts due hereunder, including without limitation, the Annual Service Charge, shall constitute an automatic, enforceable and perfected statutory municipal lien for all purposes on the Redevelopment Area and the Project, including specifically and without limitation, the federal bankruptcy code, regardless of whether the amount of the Annual Service Charge has been determined, and (c) any applicable process, procedure or action of any court, government body or other relevant authority, including without limitation any confirmation hearing, to determine the amount of the Annual Service Charge due shall not affect the commencement or validity of the municipal lien.

**Section 4.08** Security for Payment of Annual Service Charge - In order to secure the full and timely payment of the Annual Service Charge, the Borough reserves the right to prosecute an In Rem Tax Foreclosure action against the Improvements and the Land as more fully set forth in Section 15.03 of this Agreement.

**Section 4.09.** Land Taxes and Credits, Reformation of Annual Service Charge

A. In the event the exemption of the Land authorized under *N.J.S.A. 40A:20-12* is invalidated by a court of competent jurisdiction, the Parties agree that this Agreement shall remain valid and in full force and effect, and shall be reformed to provide that Land Taxes are assessed on the Redevelopment Area. In such event, the Urban Renewal Entity will be required to make payment of both the Annual Service Charge and the Land Tax Payments, and the payment for Land Taxes shall be applied as a credit against the Annual Service Charge for the subsequent year. The Entity is required to pay the full Land Tax Payments in any given year, and no credits will be applied against the Annual Service Charge for partial payment of the Land Taxes, where delinquency extends beyond the applicable cure period.

B. For all time periods during which this Agreement is in effect, the Land shall be assessed without regard to any improvements or increase in value to the Land because of the Improvements or any approvals relating thereto.

C. The Entity's failure to make the requisite Annual Service Charge payment and/or Land Tax Payment in a timely manner shall constitute a violation and breach of this Agreement. The Borough shall, among its other remedies, have the right to proceed against the Redevelopment Area pursuant to the Tax Sale Law and/or may declare a Default under this Agreement upon sixty (60) days written notice to the Urban Renewal Entity.

**Section 4.10** Schedule of Staged Adjustments to Annual Service Charge. Pursuant to N.J.S.A. 40A:20-12(b), subject to Section 4.04(b) hereof, the amount due from the Urban Renewal Entity to the Borough hereunder shall be as follows:

(a) Stage One (Years 1-15): For each of the years one (1) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be the amount due pursuant to Section 4.03 of this Agreement;

(b) Stage Two (Years 15-21): For each of the years fifteen (15) through twenty-one (21) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.03 of this Agreement; or (2) twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(c) Stage Three (Years 22-28): For each of the years twenty-two (22) through twenty-eight (28) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (a) the amount due pursuant to Section 4.03 of this Agreement or (b) forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(d) Stage Four (Year 29): For year twenty-nine (29) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (a) the amount due pursuant to Section 4.03 of this Agreement or (b) sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements; and

(e) Stage Five (Year 30): For year thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (a) the amount due pursuant to Section 4.03 of this Agreement or (b) eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements.

## **ARTICLE V.**

### **SECURITY FOR REDEVELOPMENT BONDS**

**Section 5.01.** Urban Renewal Entity's Consent - The Urban Renewal Entity hereby irrevocably consents and agrees to the amount of the Annual Service Charge and to the liens established in this Financial Agreement, and the Urban Renewal Entity shall not contest the validity or amount of the Annual Service Charge or lien. The Urban Renewal Entity's remedies shall be limited to those specifically set forth herein.

**Section 5.02. Security for the Redevelopment Bonds** – (i) Pursuant to the Bond Financing Law, specifically N.J.S.A. 40A:12A-67(c), and as security for the Bonds, the Annual Service Charge shall be pledged to the repayment of the Bonds, in accordance with and as further set forth in the Bond Resolution.

(ii) Pursuant to the Bond Financing Law, specifically N.J.S.A. 40A:12A-67(c), and other applicable law, the Annual Service Charge shall not be included within the general funds of the Borough. The Borough’s pledge of the Annual Service Charge shall be a limited obligation of the Borough payable to the extent of payments received from the Urban Renewal Entity and shall not constitute a general obligation of the Borough. The Borough has no obligation whatsoever to make any payments of the Annual Service Charge to the extent that the Annual Service Charge or any portion thereof is not paid by the Urban Renewal Entity.

(iii) It is hereby expressly understood by the Parties that under no circumstances shall the Borough be required to (a) purchase, or otherwise fund, any tax lien, tax sale certificate, or other mechanism for the enforcement of the Annual Service Charge, the sole obligation of the Borough being to undertake the sale of the tax liens in the same manner, and at the same time, as generally applicable for unpaid taxes due and owing to the Borough, subject to all applicable laws (including bankruptcy laws) or (b) make payment of any unpaid Annual Service Charge.

## ARTICLE VI.

### **ISSUANCE OF REDEVELOPMENT BONDS; USE OF PROCEEDS**

**Section 6.01 Issuance of Bonds** – The Parties agree that a portion of the Project costs shall be financed through the issuance, by the Borough, of the Redevelopment Bonds in an amount not to exceed FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) pursuant to the Bond Resolution. The Urban Renewal Entity shall be responsible for costs associated with the Project not financed by the Redevelopment Bonds. The Borough shall issue the Redevelopment Bonds no later than the date on which the Borough issues a Certificate of Occupancy for the Project. The Redevelopment Bonds shall be issued in accordance with the Applicable Law as of the Effective Date.

**Section 6.02 Use of Proceeds** - The proceeds from the Redevelopment Bonds shall be applied to pay, among other things, a portion of the costs of the Project, along with the costs of issuance of the Redevelopment Bonds. The Urban Renewal Entity may, in its discretion, elect to fully fund the construction of the Project prior to the issuance, by the Borough, of the Redevelopment Bonds. To the extent that proceeds of the Redevelopment Bonds remain after payment of all costs associated with the Project, including costs of issuance of the Redevelopment Bonds, such remaining funds may be used, in the Borough’s sole discretion, to pay costs associated with other infrastructure improvements in the Borough; provided, however, that in no event may such remaining funds be used for a purpose that might adversely impact the tax-exempt status of the Redevelopment Bonds, if applicable.

**ARTICLE VII.**

**CERTIFICATE OF OCCUPANCY**

**Section 7.01** Certificate of Occupancy - It is understood and agreed that it shall be the obligation of the Urban Renewal Entity to obtain all Certificates of Occupancy in a reasonably timely manner after the Urban Renewal Entity has satisfied all requirements to secure such Certification of Occupancy.

**Section 7.02** Filing of Certificate of Occupancy - It shall be the primary responsibility of the Urban Renewal Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Notwithstanding the foregoing, the filing of any Certificate of Occupancy shall not be a prerequisite for any action taken by the Borough, including, if appropriate, retroactive billing with interest to collect any charges due hereunder.

**ARTICLE VIII.**

**ACCOUNTING, REPORTS, CALCULATIONS**

**Section 8.01** Accounting System - The Urban Renewal Entity agrees to calculate its “Net Profit” pursuant to *N.J.S.A. 40A:20-3(c)*.

**Section 8.02** Periodic Reports -

(a) Auditor’s Report: Within ninety (90) days after the close of each fiscal or calendar year depending on the Urban Renewal Entity’s accounting basis that this Agreement shall continue in effect, the Urban Renewal Entity shall submit to the Borough Council, the Tax Collector and the Borough Clerk, who shall advise those municipal officials required to be advised, and the Division of Local Government Services in the State Department of Community Affairs, its Auditor’s Report for the preceding fiscal or calendar year. The report shall clearly identify and calculate the Net Profit for the Urban Renewal Entity during the previous year. The Urban Renewal Entity assumes all costs associated with preparation of the periodic reports.

(b) Disclosure Statement: On each anniversary date of the execution of this Agreement, if there has been a change in ownership or interest in the Project from the prior year’s filing, the Urban Renewal Entity shall submit to the Borough Council, the Tax Collector and the Borough Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the

ownership interest of each and such additional information as the Borough may request from time to time.

**Section 8.03 Inspection** - The Urban Renewal Entity shall, upon request, permit inspection of its Land, equipment, fixtures, buildings and other facilities of the Project and, also permit examination and audit, in the offices of the Urban Renewal Entity, of its books, contracts, records, documents and papers with respect to the Project, by authorized representatives of the Borough and the State pursuant to *N.J.S.A. 40A:20-9(e)*. To the extent reasonably possible, the inspection will not materially interfere with construction or operation of the Project.

**Section 8.04 Limitation on Profits and Reserves** - During the period of tax exemption as provided herein, the Urban Renewal Entity shall be subject to a limitation of its profits pursuant to the provisions of *N.J.S.A. 40A:20-15*. Pursuant to *N.J.S.A. 40A:20-3(c)*, this calculation is completed in accordance with generally accepted accounting principles.

The Urban Renewal Entity shall have the right in any year to establish and maintain a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount up to ten percent (10%) of the Annual Gross Revenues of the Urban Renewal Entity for the last full fiscal year preceding the year in which the reserve is established or maintained and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in *N.J.S.A. 40A:20-15*. This reserve is to be noncumulative. Upon Termination of this Agreement, the amount of such reserve shall be paid to the Borough.

**Section 8.05 Payment of Dividend and Excess Profit Charge** - In accordance with *N.J.S.A. 40A:20-15*, if the Net Profit of the Urban Renewal Entity shall exceed the Allowable Net Profit in any Excess Profit Accounting Period, then the Urban Renewal Entity, within one hundred and twenty (120) days after the end of the Excess Profit Accounting Period, shall pay such excess Net Profit to the Borough as an additional Annual Service Charge; provided, however, that the Urban Renewal Entity may maintain a reserve as determined pursuant to Section 8.04.

**Section 8.06 Calculation of Gross Revenue and Net Profit** – The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to *N.J.S.A. 40A:20-3(b)* and (c) and *40A:20-15*. There is expressly excluded from calculation of Annual Gross Revenue and from Net Profit as set forth in *N.J.S.A. 40A:20-3* for the purpose of determining compliance with *N.J.S.A. 40A:20-15* or *N.J.S.A. 40A:20-16*, any gain realized by the Urban Renewal Entity on the sale of all or a portion of the Project, whether or not taxable under federal or State law.

**Section 8.07 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale.** The date of the Termination, or the date of sale or transfer of the Project, shall be considered to be the close of the fiscal year of the Urban Renewal Entity. Within ninety (90) days after such date, the Urban Renewal Entity shall pay to the Borough the amount of the reserve, if any, maintained by it pursuant to Section 8.04 and the excess Net Profit, if any.

## ARTICLE IX.

## ASSIGNMENT AND/OR ASSUMPTION, CONVEYANCE

**Section 9.01** Approval of Sale of Project by Urban Renewal Entity Formed and Eligible to Operate Under Law – As permitted by *N.J.S.A.* 40A:20-10, it is understood and agreed that with the consent of the Borough, on written application by the Urban Renewal Entity, which consent shall not be unreasonably withheld, delayed or conditioned, the Urban Renewal Entity may sell or otherwise transfer the Project and transfer and assign this Agreement, provided (a) the transferee (“Transferee”) is an urban renewal entity formed and eligible to operate under the Long Term Tax Exemption Law; (b) the Transferee does not own any other project subject to long term tax exemption at the time of transfer; (c) the Urban Renewal Entity is not then in Default of this Agreement or in violation of Applicable Law; (d) the Urban Renewal Entity’s obligations under this Agreement are fully assumed by the Transferee in a duly executed written form of assignment and assumption of this Agreement reasonably satisfactory to Borough, including the assumption of all obligations of the Urban Renewal Entity pursuant to the terms of this Financial Agreement for the period remaining on the tax exemption applicable to the Project or portion thereof transferred (the “Transferee Agreement”); and (e) the Transferee abides by all terms and conditions of this Agreement including, without limitation, the filing of an application pursuant to *N.J.S.A.* 40A:20-8, if requested by the Borough, and any other terms and conditions of the Borough in regard to the Project. Upon such a transfer and the execution of a Transferee Agreement, the tax exemption provided for herein shall continue and inure to the Transferee and his/her successors and/or assigns. A transfer of greater than 10 percent of the ownership interest in the Urban Renewal Entity may be transferred in accordance with *N.J.S.A.* 40A:20-5e.

**Section 9.02** Transfer to an Affiliate – The Borough further hereby agrees and consents, without any further action required on behalf of the Borough, to a Transfer of the Project or any discrete portion thereof by the Urban Renewal Entity to an affiliate of the Urban Renewal Entity organized as an urban renewal entity under the Long Term Tax Exemption Law with identical ownership to that of the Urban Renewal Entity or as that deemed a Permitted Transfer under the Redevelopment Agreement. Upon formation of an affiliate urban renewal entity transferee, such affiliate, the Urban Renewal Entity, and the Borough shall enter into an assignment and assumption agreement which shall be sufficient to document the Transfer of the Project or component to such affiliate urban renewal entity.

**Section 9.03** Leases – Notwithstanding anything to the contrary, the Urban Renewal Entity may enter into leases with tenants in the Project, without the consent of the Borough.

**Section 9.04** Severability - It is an express condition of the granting of this tax exemption that during its duration, the Urban Renewal Entity shall not, except in accordance with a final subdivision plan approved by the Borough Planning Board, without the prior consent of the Borough Council of the Borough by ordinance, convey, mortgage or transfer, all or part of the Project so as to sever, disconnect, or divide the Improvements from the Land which is basic to, embraced in, or underlying the exempted Improvements.

**Section 9.05** Subordination of Fee Title - It is expressly understood and agreed that the Urban Renewal Entity has the right, subordinate to the lien of the Annual Service Charge and to the rights of the Borough hereunder, to encumber and/or lease and/or assign the fee title to the

Redevelopment Area and/or Project, and that any such encumbrance, lease or assignment shall not be deemed to be a violation of this Financial Agreement.

**Section 9.06 Collateral Assignment** Notwithstanding the foregoing, it is expressly understood and agreed that the Urban Renewal Entity has the right to encumber and/or assign the fee title to the Land and/or Improvements for purposes of (i) financing the design, development and construction of the Project and (ii) permanent mortgage financing.

(a) The Borough acknowledges that the Urban Renewal Entity and/or its affiliates intend to obtain secured financing in connection with the acquisition, development and construction of the Project. The Borough agrees that the Urban Renewal Entity and/or its affiliates may assign, pledge, hypothecate or otherwise transfer its rights under this Agreement and/or its interest in the Project to one or more secured parties or any agents therefore (each, a **“Secured Party”** and collectively, the **“Secured Parties”**) as security for obligations of the Urban Renewal Entity, and/or its affiliates, incurred in connection with such secured financing (collectively, the **“Security Arrangements”**). The Urban Renewal Entity shall give the Borough written Notice of any such Security Arrangements, together with the name and address of the Secured Party or Secured Parties. Failure to provide such Notice waives any requirement of the Borough hereunder to provide any Notice of Default or Notice of intent to enforce its remedies under this Agreement.

(b) Without limiting the generality of Article XV hereof, if the Urban Renewal Entity shall Default in any of its obligations hereunder, the Borough shall give Notice of such Default to the Secured Parties and the Borough agrees that, in the event such Default is not waived by the Borough or cured by the Urban Renewal Entity, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Urban Renewal Entity hereunder, the Borough will provide the Secured Parties a reasonable period of time to cure such Default, but in any event not less than fifteen business (15) days from the date of such notice to the Secured Parties with regard to a failure of the Urban Renewal Entity to pay the Annual Service Charge and ninety (90) days from the date the Urban Renewal Entity was required to cure any other Default.

(c) In the absence of a Default by the Urban Renewal Entity, the Borough agrees to consent to any collateral assignment by the Urban Renewal Entity to any Secured Party or Secured Parties of its interests in this Agreement and to permit each Secured Party to enforce its rights hereunder and under the applicable Security Arrangement and shall, upon request of the Secured Party, execute such documents as are typically requested by secured parties to acknowledge such consent. This provision shall not be construed to limit the Borough’s right to payment from the Urban Renewal Entity, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

(d) Notwithstanding anything to the contrary contained herein, and in addition to all other rights and remedies of Secured Parties set forth in this Agreement, the provisions of N.J.S.A. 55:17-1 – N.J.S.A. 55:17-11 shall apply to this Agreement to protect the interests of any Secured Party as applicable.

**ARTICLE X.**

**RESERVATION OF RIGHTS AND REMEDIES**

**Section 10.01 Reservation of Rights and Remedies.** – Except as specifically provided herein, nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the Borough or the Urban Renewal Entity of any rights and remedies provided by Applicable Law. Nothing herein shall be deemed to limit any right of recovery that the Borough or the Urban Renewal Entity has under law, in equity, or under any provision of this Financial Agreement.

**ARTICLE XI.**

**NOTICES**

**Section 11.01 Notice** - Formal notices, demands and communications between and among the Borough and the Urban Renewal Entity shall be deemed given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, or by a commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available. In that case such notice is deemed effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by written notice. Copies of all notices, demands and communications shall be sent as follows:

**If to the Borough:**

Borough of Highlands  
151 Navesink Avenue  
Highlands, New Jersey 07732  
Attn: Michael Muscillo, Borough Administrator  
Email: [mmuscillo@highlandnj.gov](mailto:mmuscillo@highlandnj.gov)

with a copy to:

McManimon, Scotland & Baumann, LLC  
427 Riverview Plaza  
Trenton, New Jersey 08611  
Attn: Frances Ciesla McManimon, Esq.  
Email: [fmcmanimon@msbnj.com](mailto:fmcmanimon@msbnj.com)

**If to the Urban Renewal Entity:**

[Scenic Highlands Owner, LLC]  
c/o Kushner Real Estate Group  
515 Marin Boulevard  
Jersey City, New Jersey 07302

Attn: Noah Chrismer, , Jeremy Kaplan and David Kahan  
Email: [nchrismer@thekregroup.com](mailto:nchrismer@thekregroup.com), [jbk@thekregroup.com](mailto:jbk@thekregroup.com) and [dbk@thekregroup.com](mailto:dbk@thekregroup.com)

**with a copy to:**

Russo Development  
570 Commerce Blvd.  
Carlstadt, New Jersey 07072  
Attn: Ed Russo and Chris Minks  
Email: [EdRusso@russodevelopment.com](mailto:EdRusso@russodevelopment.com)

[CMinks@RussoDevelopment.com](mailto:CMinks@RussoDevelopment.com)

and

Giordano, Halleran & Ciesla, P.C.

125 Half Mile Road

Suite 300

Red Bank, New Jersey 07701

Attn: Mike Bruno, Esq.

Email: [mbruno@ghclaw.com](mailto:mbruno@ghclaw.com)

**ARTICLE XII.**  
**COMPLIANCE BY ENTITY WITH LAW**

**Section 12.01 Statutes and Ordinances** - The Urban Renewal Entity hereby agrees at all times prior to the expiration or other Termination of this Financial Agreement to remain bound by the provisions of Applicable Law, including, but not limited to, the Long Term Tax Exemption Law and the Bond Financing Law. The Urban Renewal Entity's failure to comply with such statutes or ordinances beyond the expiration of any applicable notice, cure or grace periods shall constitute a violation and breach of the Financial Agreement.

**ARTICLE XIII.**  
**CONSTRUCTION**

**Section 13.01 Construction** - This Financial Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid or any presumption or other rule requiring construction against the Party drawing or causing this Agreement to be drawn since counsel for both the Urban Renewal Entity and the Borough have combined in their review and approval of same.

**ARTICLE XIV.**  
**INDEMNIFICATION**

**Section 14.01 Indemnification** - The Urban Renewal Entity shall indemnify, defend and hold the Borough harmless from and against all liability, losses, damages, demands, costs, claims, actions or expenses (including reasonable attorneys' fees and expenses) of every kind, character and nature arising out of or resulting from the exercise and/or performance by the Borough of any of its powers and/or obligations under this Agreement and/or the provisions of Applicable Law, except for any liability caused by the gross negligence or willful misconduct of the Borough, its officials, employees or agents, or by the Borough's breach or Default hereunder. The Urban Renewal Entity shall defend the suit at its own expense. However, the Borough maintains the right to intervene as a party thereto, to which intervention the Urban Renewal Entity hereby consents, the reasonable, actual expense thereof to be borne by the Urban Renewal Entity. Unless otherwise required by the Borough, to the extent practical and ethically permissible, the Urban Renewal Entity's attorneys shall jointly defend and represent the interest of the Borough and the Urban Renewal Entity as to all claims indemnified in connection with this Agreement. This indemnity shall survive termination of this Agreement.

## ARTICLE XV.

### DEFAULT

**Section 15.01 Default** - Default shall be failure of a Party to conform to the terms of this Agreement and failure of a Party to perform any obligation imposed upon such Party by Applicable Law beyond any applicable notice, cure or grace periods.

**Section 15.02 Cure Upon Default** - Should a Party be in Default of any obligation under this Agreement, the other Party shall notify the defaulting Party and any mortgagee of the Urban Renewal Entity, if applicable, in writing of said Default. It shall be the obligation of the Urban Renewal Entity to inform the Borough of any mortgagee to be afforded notice. Said notice shall set forth with particularity the basis of said Default. Except as otherwise limited by law, the defaulting Party shall have sixty (60) days after receipt of written notice of aid Default to cure any Default (other than a Default in payment of any installment of the Annual Service Charge or Administrative Fee, which default must be cured within fifteen business (15) days after the Urban Renewal Entity receives notice of said Default). Notwithstanding the foregoing, however, if, a given non-monetary Default cannot reasonably be cured within the applicable cure period set forth herein using reasonable diligence, then, provided the Defaulting party shall have promptly commenced such reasonable efforts to effect a cure in good faith during the aforementioned cure period, the time to cure may be extended upon written notice to the other party for an additional ninety (90) day period of time.

### **Section 15.03 Remedies for Default**

(a) In the event the Urban Renewal Entity or its mortgagee fails to cure or remedy the Default within the time period provided in Section 15.02, the Borough may terminate this Agreement upon written Notice to the Urban Renewal Entity and the mortgagee.

(b) Upon any Default in payment of any installment of the Annual Service Charge not cured within fifteen (15) days, following notice, the Borough in its sole discretion shall have the right to immediately exercise the following remedies: (a) terminate this Agreement, at which time: the Improvements shall be prospectively subject to conventional taxation; or (2) exercise any other remedy available to the Borough in law or equity, in order to collect such unpaid, outstanding payments due from the Entity hereunder, and reasonable costs of collection thereof, including, but not limited to, initiating and pursuing an action under the Tax Sale Law.

(c) No Default hereunder by the Urban Renewal Entity shall automatically terminate the tax exemption (except as described herein and after Notice and cure as provided for herein) and, unless the Borough terminates this Agreement as provided in Section 15.03, its obligation to make Annual Service Charge, which shall continue in effect for the duration of the term hereof and subject to Section 15.05 hereinafter.

(d) All of the remedies provided in this Agreement to the Borough, and all rights and remedies granted by law and equity shall be cumulative and concurrent and no determination of the invalidity of any provision of this Agreement shall deprive the Borough of any of its remedies or actions against the Entity because of the Entity's failure to pay Land Taxes, the Annual Service

Charge and/or any applicable water and sewer charges and interest payments. This right shall only apply to arrearages that are due and owing at the time, and the bringing of any action for Land Taxes, Annual Service Charges or other charges, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes, Annual Service Charges or other charges shall not be construed as a waiver of the right to proceed with an In Rem Tax Foreclosure action consistent with the terms and provisions of this Agreement.

**Section 15.04 Arbitration** - In the event of a dispute arising between the Parties in reference to the terms and provisions as set forth herein, the Parties shall submit the dispute to the American Arbitration Association in the State to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. Each Party to this Agreement shall designate an arbitrator, and the two (2) arbitrators shall choose a third arbitrator. The arbitrators designated and acting under this Agreement shall make a determination regarding the issue(s) in controversy in strict conformity with the terms of this Agreement and Applicable Law. Costs for said arbitration shall be borne equally by both Parties. In the event of a Default on the part of the Urban Renewal Entity to pay any installment of the Annual Service Charge required by Article IV above, the Borough, in addition to its other remedies, and subject to Article XV of this Agreement, reserves the right to proceed against the Property, in the manner provided by law, including the Tax Sale Law, and any act supplementary thereto or amendatory thereof. Whenever the word "Taxes" appears, or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as it is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In either case, however, the Urban Renewal Entity does not waive any defense it may have to contest the rights of the Borough to proceed in the above-mentioned manner.

Notwithstanding anything herein to the contrary, no arbitrator shall have any power or authority to amend, alter, or modify any part of this Agreement, in any way.

**Section 15.05 Final Accounting** - Within ninety (90) days after the date of Termination, the Urban Renewal Entity shall provide a final accounting and pay to the Borough the reserve, if any, pursuant to the provisions of *N.J.S.A. 40A:20-13* and *15* as well as any excess Net Profits. For purposes of rendering a final accounting the date of Termination of the Agreement shall be deemed to be the end of the fiscal year for the Urban Renewal Entity.

**Section 15.06 Conventional Taxes** - Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the Land and Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the Borough.

## ARTICLE XVI.

### MISCELLANEOUS

**Section 16.01 Financial Agreement Controlling** - The Parties agree that in the event of a conflict between (i) the Application and this Financial Agreement or (ii) the Redevelopment

Agreement and this Financial Agreement, the provisions of this Financial Agreement shall govern and be controlling.

**Section 16.02 Oral Representations** - There have been no oral representations made by either of the Parties hereto which are not contained in this Financial Agreement (except as within other agreements referenced herein). This Financial Agreement, the Redevelopment Agreement, the Ordinance and the Application constitute the entire agreement between the Parties and there shall be no modifications thereto other than by a written instrument executed by the Parties and delivered to each of them.

**Section 16.03 Entire Document** - All conditions in the Ordinance are incorporated in this Agreement and made a part hereof.

**Section 16.04 Good Faith** - In their dealings with each other, the Parties agree that they shall act in good faith.

**Section 16.05 Recording** - This entire Agreement will be filed and recorded with the Monmouth County Clerk by the Urban Renewal Entity at the Urban Renewal Entity's expense, provided that the Borough acknowledges and agrees that the exhibits hereto may be exempted for the purposes of economy in recording, provided that such recorded instrument shall note where such exhibits are excerpted, identifying that the complete document with all exhibits in their entirety shall be maintained by the Borough Clerk in its files and available for inspection in accordance with applicable law governing access to public records..

**Section 16.06 Municipal Services** - The Urban Renewal Entity shall make payments for municipal services, including sewer charges and any services that create a lien on a parity with or superior to the lien for the Land Taxes, if applicable, and Annual Service Charge, as required by law. Nothing herein is intended to release the Urban Renewal Entity from its obligation to make such payments.

**Section 16.07 Annual Service Charge Paid to County** - Pursuant to *N.J.S.A. 40A:20-12*, the Borough shall remit upon receipt five percent (5%) of the Annual Service Charge to Monmouth County (the "County Share").

**Section 16.08 Financing Matters** - The financial information required by the final paragraph of *N.J.S.A. 40A:20-9* is set forth in the Application.

**Section 16.9 Amendments** - This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties.

**Section 16.10 Certification** - The Borough Clerk shall certify to the Tax Assessor, pursuant to *N.J.S.A. 40A:20-12*, that a Financial Agreement with the Urban Renewal Entity, for the development of the Land has been entered into and is in effect as required by the Long Term Tax Exemption Law. Delivery by the Borough Clerk to the Tax Assessor of a certified copy of the Ordinance shall constitute the required certification. Upon certification as required hereunder and upon the Annual Service Charge Start Date the Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the Borough Clerk until the

expiration of the entitlement to exemption by the terms of this Financial Agreement or until the Tax Assessor has been duly notified by the Borough Clerk that the exemption has been terminated.

Further, within ten (10) days of the execution of this Financial Agreement, a certified copy of the Ordinance shall forthwith be transmitted to i) the Director of the Division of Local Government Services, ii) the chief financial officer of the County, and iii) the County counsel, by the Borough Clerk.

**Section 16.11 Administrative Fee** - The Urban Renewal Entity shall pay annually an administrative fee (the “Administrative Fee”) to the Borough in addition to the Annual Service Charge. The Administrative Fee shall commence on the first year of the Term be computed as two percent (2%) of the Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and may be enforced in the same manner as the Annual Service Charge. In the event the Entity fails to pay the Administrative Fee when due and owing, the amount unpaid shall bear the highest rate of interest permitted under applicable State law in the case of unpaid taxes or tax liens until paid.

**Section 16.12 Severability of Invalid Provisions**. If any one or more of the covenants, agreements or provisions herein contained shall be held to be illegal or invalid in a final proceeding, then any such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof.

**Section 16.13 Choice of Laws**. - This Agreement shall be governed by the laws of the State of New Jersey without regard for the conflicts of law or choice of law provisions thereof, with jurisdiction and venue in Monmouth County, New Jersey. Neither Party will raise any objection to jurisdiction.

**Section 16.14 Counterparts; Electronic Signatures**. - This Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Electronic or facsimile signatures shall constitute original signature for all purposes under this Agreement.

*[signature page follows]*

## **EXHIBITS**

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

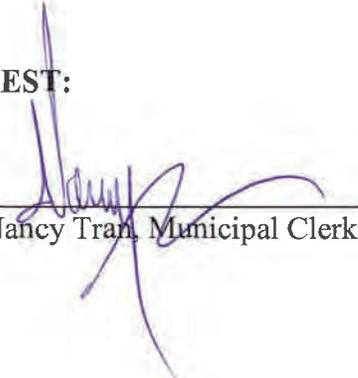
### Exhibits

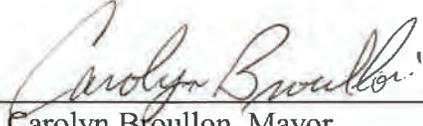
1. Legal Description of the Redevelopment Area;
2. Ordinance of the Borough authorizing the execution of this Agreement
3. The Application with Exhibits; and
4. Bond Resolution

**IN WITNESS WHEREOF**, the Parties have caused this Financial Agreement to be executed as of the day and year first above written.

**ATTEST:**

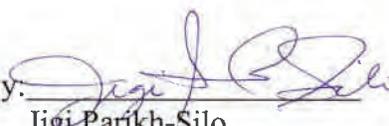
**BOROUGH OF HIGHLANDS**

By:   
Nancy Tran, Municipal Clerk

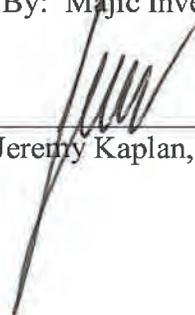
By:   
Carolyn Broullon, Mayor

**WITNESS:**

**SCENIC HIGHLANDS OWNER URBAN RENEWAL  
LLC, a New Jersey limited liability company**

By:   
Jigi Parikh-Silo

By: KRE Scenic Highlands Member LLC, Member  
By: Majic Investment Corp., Manager

By:   
Jeremy Kaplan, Vice President

STATE OF NEW JERSEY )  
 )  
COUNTY OF HUDSON )

Before me, a Notary Public in and for the County and State referenced above, personally appeared Jeremy Kaplan, the Vice President of Majic Investment Corp., the Manager of KRE Scenic Highlands Member, LLC., a Member of Scenic Highlands Owner Urban Renewal, LLC, who, having been first duly sworn, acknowledged the execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal this 22<sup>nd</sup> day of January, 2026.



\_\_\_\_\_  
Lisa Vidal  
Notary Public



I am a resident of Hudson County, New Jersey.

My commission expires: 07/13/2026 .

STATE OF NEW JERSEY)  
)  
COUNTY OF MONMOUTH)

I certify that on the 3 day of February, 2026, Nancy Tran personally appeared before me, the subscriber, and acknowledged under oath, to my satisfaction, that: (a) this person is the Clerk of Highlands, the municipal corporation and body politic, named in this document; (b) this person is the attesting witness to the signing of this document by the proper officer who is Carolyn Broullon, the Mayor of Highlands; (c) this document was signed and delivered by Highlands as its voluntary act duly authorized by a proper ordinance of the Highlands Council; (d) this person knows the proper seal of the Borough of Highlands which was affixed to this document; and (e) this person signed this proof to attest to the truth of these facts.



Signed and sworn to before me this  
day of 3rd February, 2026.

LISA B NATALE  
Notary Public, State of New Jersey  
Comm. # 50219223  
My Commission Expires 3/1/2029

EXHIBIT 1

Legal Description of Redevelopment Area

101 Crawfords Corner Road  
 Suite 3400  
 Holmdel, NJ 07733  
 Main: 877 627 3772

**Colliers**

Engineering  
& Design

**DESCRIPTION OF PROPERTY**  
**BOROUGH OF HIGHLANDS**  
**MONMOUTH COUNTY, NEW JERSEY**

**BLOCK 105.107, LOT 1.01**  
**PROJECT NO. 24006738A**  
**OCTOBER 11, 2024**  
**PAGE 1 | 3**

All that certain lot, tract or parcel of land situate, lying and being in the Borough of Highlands, in the County of Monmouth and the State of New Jersey, and being all of Lot 1.01, Block 105.107, as shown on a map entitled "Boundary Survey for KRE Acquisition Corp., Block 105.107, Lot 1.01, Borough of Highlands, Monmouth County, New Jersey", prepared by Colliers Engineering & Design, dated September 20, 2024, and being more particularly bounded and described as follows:

**BEGINNING** at the intersection of the easterly right of way line of New Jersey State Highway No. 36, (100 foot wide right of way), with the northerly right of way line of Linden Avenue, (40 foot wide right of way), and running; thence -

1. **N 53°51'19" W, 396.62 feet**, along the aforesaid easterly right of way line of New Jersey State Highway No. 36, to an angle point in the same, thence -
2. **N 47°56'07" W, 402.75 feet**, still along the aforesaid easterly right of way line of New Jersey State Highway No. 36, and beyond, along the easterly right of way line of Ocean Avenue (50 foot wide right of way), to an angle point in the same, thence -

The following three (3) courses running along the aforesaid easterly right of way line of Ocean Avenue:

3. **N 57°11'07" W, 65.03 feet**, thence -
4. **N 66°53'07" W, 289.21 feet**, thence -
5. **N 59°47'07" W, 192.07 feet**, to a point in the centerline of former Ocean Avenue (50-foot wide private road), vacated by Ordinance 0-82-4, thence -

The following nine (9) courses running along the aforesaid centerline of former Ocean Avenue:

6. **N 20°33'41" E, 39.55 feet**, to a point of curvature, thence -
7. **NORTHEASTWARDLY** along an arc having a radius of **70.00 feet**, and curving to the right, an arc distance of **42.66 feet**, (Central Angle of 34°55'04"), said arc being connected by a chord bearing of **N 38°01'13" E** and a chord distance of **42.00 feet**, to a point of tangency; thence -
8. **N 55°28'41" E, 44.54 feet**, to a point of curvature, thence -
9. **NORTHEASTWARDLY** along an arc having a radius of **132.62 feet**, and curving to the right, an arc distance of **121.71 feet**, (Central Angle of 52°34'56"), said arc being connected by a chord bearing of **N 81°46'09" E** and a chord distance of **117.48 feet**, to a point of tangency; thence -
10. **S 71°56'19" E, 181.99 feet**, thence -
11. **S 56°45'19" E, 146.75 feet**, thence -

DESCRIPTION OF PROPERTY  
BOROUGH OF HIGHLANDS  
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BLOCK 105.107, LOT 1.01  
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Colliers

Engineering  
& Design

12. **S 52°46'19" E, 397.89 feet**, thence -
13. **NORTHEASTWARDLY** along an arc having a radius of **54.29 feet**, and curving to the left, an arc distance of **150.56 feet**, (Central Angle of 158°53'53"), said arc being connected by a chord bearing of **N 47°46'44" E** and a chord distance of **106.74 feet**, to a point of reverse curvature; thence -
14. **NORTHWESTWARDLY** along a non-tangent arc having a radius of **1,367.45 feet**, and curving to the right, an arc distance of **319.69 feet**, (Central Angle of 13°23'41"), said arc being connected by a chord bearing of **N 24°49'23" W** and a chord distance of **318.96 feet**, to a point in the common line between Lot 1.01, Block 105.107 and Lot 3, Block 105; thence -
15. **N 26°52'39" E, 226.51 feet**, along the aforesaid common line between Lot 1.01, Block 105.107 and Lot 3, Block 105, to the common line between Lot 4, Block 105 and said Lot 1.01, Block 105.107, thence -
16. **S 47°53'21" E, 270.48 feet**, along the aforesaid common line between Lot 4, Block 105 and Lot 1.01, Block 105.107, and beyond, along the common line between Lot 2, Block 105 and said Lot 1.01, Block 105.107, to the common line between Lot 2, Block 110 and said Lot 1.01, Block 105.107, thence -
17. **S 63°07'21" E, 437.05 feet**, still along the aforesaid common line between Lot 2, Block 110 and said Lot 1.01, Block 105.107, and beyond along the common line between Lots 4 & 5, Block 110 and said Lot 1.01, Block 105.107, to the common line between Lot 22, Block 110 and said Lot 1.01, Block 105.107, thence -
18. **S 02°43'22" E, 65.42 feet**, along the aforesaid common line between Lot 22, Block 110 and Lot 1.01, Block 105.107, to the common line between Lot 19.01, Block 110 and said Lot 1.01, Block 105.107, thence -
19. **S 04°23'09" W, 580.14 feet**, along the aforesaid common line between Lot 19.01, Block 110 and Lot 1.01, Block 105.107, and beyond, along the common line between Lots 18, 17, 16.02, 16.01 & 12, Block 110, with said Lot 1.01, Block 105.107, to the aforesaid northerly right of way line of Linden Avenue; thence -
20. **S 85°18'32" W, 50.00 feet**, along the aforesaid northerly right of way line of Linden Avenue, to the common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, thence -
21. **N 04°20'28" E, 201.92 feet**, along the aforesaid common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, to an angle point in the same, thence -
22. **S 85°18'32" W, 244.92 feet**, still along the common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, and beyond, along the common line between Lots 10 & 9, Block 110.01 and said Lot 1.01, Block 105.107, to an angle point in the same, thence -
23. **S 09°03'20" E, 200.00 feet**, along the aforesaid common line between Lot 9, Block 110.01 and Lot 1.01, Block 105.107, to the aforesaid northerly right of way line of Linden Avenue, thence -

DESCRIPTION OF PROPERTY  
BOROUGH OF HIGHLANDS  
MONMOUTH COUNTY, NEW JERSEY

BLOCK 105.107, LOT 1.01  
PROJECT NO. 24006738A  
OCTOBER 11, 2024  
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24. **S 85°18'32" W, 49.18 feet**, along the aforesaid northerly right of way line of Linden Avenue to the Point and Place of **BEGINNING**.

**CONTAINING:** 614,468.6 square feet or 14.106 acres of land, more or less.

**SUBJECT TO:** to all easements, restrictions, reservations, agreements, covenants and rights of way of record.

The foregoing description was prepared by the undersigned surveyor for the firm of Colliers Engineering & Design and is based on the aforesaid boundary survey.



Digitally signed by Eric Wilde  
Date: 2024.10.15 15:48:56-04'00'

October 15, 2024

**Eric V. Wilde, P.L.S.**

**Date:**

New Jersey Professional Land Surveyor

License Number GS43279

EXHIBIT 2

Ordinance Authorizing the Execution of Financial Agreement

EXHIBIT 3

Application with Exhibits

# **Application for Long Term Tax Exemption**

## **Applicant**

SCENIC HIGHLANDS OWNER LLC

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## **Applicant Address**

c/o Kushner Real Estate Group  
515 Marin Boulevard  
Jersey City, NJ 07302

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## **Address of Project Site**

Shadow Lawn Mobile Home Park  
6 Laurel Drive  
Block 105,107, Lot 1.01 (f/k/a Lot 1.1),  
including land formerly designated as  
Block 110, Lot 8.01  
Highlands, NJ 07732

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**Overview of application contents:**

- Section I - General instructions regarding the completion of the application
- Section II - Identification of the applicant
- Section III - Detailed description of the Project
- Section IV - Type of exemption and term requested
- Representations and certifications required by statute
- Signature by the applicant
- Exhibits

**I. Instructions:**

**Please complete this application in its entirety and attach all required supporting documentation. Incomplete applications will be returned and may significantly delay the tax exemption authorization process or cause the application to be denied.**

**Important notes:**

1) Certain documents required in this application must be prepared by qualified professionals other than the applicant. In particular, survey documents must be signed and sealed by a licensed surveyor, site plan documents must be signed and sealed by a professional engineer and detailed cost estimates must be certified by a licensed engineer or architect.

2) Under New Jersey law, applicants for long-term exemption must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs.

3) The application must be accompanied by a proposed form of financial agreement. Please ensure that the financial agreement attached to this application is appropriate to the type of project for which you are seeking an exemption.

**Completed applications, including the application fee, should be submitted to:**

Carolyn Broullon, Mayor  
Borough of Highlands  
151 Navesink Avenue  
Highlands, NJ 07732

**If you have any questions regarding the application or the tax exemption process, please contact:**

Frances Ciesla McManimon, Esq.,  
McManimon, Scotland & Baumann, LLC  
427 Riverview Plaza  
Trenton, NJ 08611  
([FMcManimon@MSBNJ.COM](mailto:FMcManimon@MSBNJ.COM))

**II. Applicant Identification:**

**A. Name of Applicant:**

*Scenic Highlands Owner LLC*

**B. Principal Address:**

*c/o Kushner Real Estate Group  
515 Marin Boulevard  
Jersey City, NJ 07302*

**C. Type of Entity (check one)**

Corporation  LLC  LLP  Partnership  Other (please specify)

**D. Contact Information**

1.) Name of Primary Contact: *Noah Chrismer*

2.) Contact Numbers:

a. Phone: \_\_\_\_\_

b. Fax: \_\_\_\_\_

c. Email: [nchrismer@thekregroup.com](mailto:nchrismer@thekregroup.com)

**E. Name and Address of Statutory Agent:**

Please list the name and address of the entity upon whom a legal process can be served:

David B. Kahan  
David B. Kahan, PC  
515 Marin Boulevard  
Jersey City, NJ 07032

**F. Federal Tax Identification Number:**

**33-2267604**

**G. Disclosure of Ownership:**

New Jersey law (*N.J.S.A. 52:25-24.2*) requires that all corporations and partnerships seeking a public contract submit a list of the names and addresses of all principals who own more than 10% of any class of stock, or 10% or more of the total stock (if a corporation), or 10% or more of the partnership. In addition, if the Developer has, as one or more of its owners, a corporation or partnership, the ownership of those entities must be similarly disclosed, and that process shall continue down the entire chain of ownership until the names and addresses of every unincorporated stockholder and/or individual partner is disclosed.

Please detail the ownership structure of the Applicant, including the percentage held by each owner, in the form of a certificate and attach as Exhibit 1.

**H. Certificates of Formation and Approval:**

Please provide a copy of the Applicant's certificate of incorporation or formation as approved by and filed with the State of New Jersey for the entity applying for the exemption. Attach the certificate as Exhibit 2.

Also include a copy of the certificate of approval of the urban renewal entity issued by the State of New Jersey Department of Community Affairs. Attach that certificate as Exhibit 3. (The only projects exempt from this requirement are low and moderate income housing projects located outside a designated redevelopment area.)

**I. Authorization to Submit Application:**

Please provide a certified copy, bearing the seal of the urban renewal entity, of a company resolution authorizing submission of the application in the form provided as Exhibit 4 of this application.

**III. Project Description:**

**A. Applicant's Ownership Interest in the Project:**

Conventional (Fee Simple)  Condominium

**B. Project Type (Please check all that apply):**

Residential;  Retail;  Office;  Manufacturing;  Distribution Facility;  Hotel;

Other (Specify): \_\_\_\_\_

If the project involves more than one type of usage, indicate the percentage that each usage bears to the overall project measured using square feet of gross area:

% Residential;  % Retail;  % Office;  % Manufacturing;  % Distribution Facility;

% Hotel;  % Other (specify here \_\_\_\_\_)

**C. Marketing Expectation:**

For Sale  For Lease  Both

**D. Project Location:**

1. Provide all street addresses by which the project site is currently known:

Address #1: *Shadow Lawn Mobile Home Park, 6 Laurel Dr., Highlands, NJ 07732*

Address #2:

Address #3:

Address #4: \_\_\_\_\_

Use additional sheets if necessary

2. Provide all tax lots that comprise the project site. Designate lots as they appear on the official maps of the Tax Assessor as of the date of this application (i.e. prior to any subdivision associated with the project):

Block 105.107 Lots: 1.01 (f/k/a Lot 1.1), including land formerly designated as Block 110, Lot 8.01

**3. Metes and Bounds Description:**

Please attach the metes and bounds description of the project site as Exhibit 5 of this application.

**4. Survey:**

Please attach survey of the project site as Exhibit 6 of this application. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

**E. Deed or Lease Agreement:**

Please attach a copy of the deed or lease agreement for the property as Exhibit 7 confirming that the project is under the control of the applicant.

**F. Purpose of Project:**

Please check all that apply:

1. This project is located within an officially designated "area in need of redevelopment."  
 Yes  No
2. This project is located within an Urban Enterprise Zone.  
 Yes  No
3. This Project is intended to provide housing to low and/or moderate-income households:  
 Yes  No

Please indicate the number of units of each type listed below, as appropriate.

Number of units for very-low/low/moderate income households 44  
 Number of market rate units 248  
 Total number of residential units 292 +

4. This Project is intended to provide housing to households relocated as a result of a redevelopment project:  Yes  No
5. This Project is intended as a means to implement the objectives set forth in an adopted Redevelopment Plan:  Yes  No
6. If the answer to questions 3 through 5 of this section was "No", please indicate the purpose of the Project:

*To develop the Redevelopment Area with a multi-family residential project.*

**H. Narrative Description of Project:**

Provide a brief narrative description of the project, including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Indicate the number and type of each unit to be constructed as part of the project and whether the project will be restricted to any group or groups on the basis of age or income. Include maps, renderings, floor plans and other graphic materials if available. Attach this description as Exhibit 8 of this application.

**I. Current Conditions:**

1. Provide a brief description of any improvements that are in place currently on the project site and indicate which if any are expected to be reused as part of the project. Attach extra pages as needed.

*The Property is currently improved with the former "Shadow Lawn Mobile Home Park". The Applicant is proposing to raze the limited improvements that are remaining on the Property in order to construct a multi-family residential development.*

2. Provide a list with the current tax assessment and the current real property tax levy for each lot included within the project site. Attach extra pages as needed.

Block	Lot	Current Tax Assessment	Current Real Property Tax Levy
105.101	1.1	N/A	None
110	8.01	N/A	None

3. Provide a list showing the current status of all municipal fees and charges which are currently levied against each lot located within the project site, including, without limitation water charges, sewer charges, permit or license fees, fines and/or penalties. Attach extra pages as needed.

Block	Lot	Current Status of Municipal Fees and Charges (specify type)
105.107	1.01	N/A
110	8.01	N/A

**J. Site Plan Approval:**

Provide a copy of the site plan approved by the Planning Board for the Project. Also provide a copy of the resolution of the Planning Board providing final site plan approval for the project. Attach the site plan as Exhibit 9 of this application and the resolution as Exhibit 10 of this application.

**K. Project Cost Estimates:**

1. Provide a detailed cost breakdown for the project, including both hard and soft costs. The estimate should be certified by a licensed architect or engineer. Attach the completed estimate for the entire Project as Exhibit 11 of this application.
2. For each type of unit to be included within the Project, provide an estimate of the total unit cost for that unit. This may be provided at a summary level, not at the level set forth for the estimate required by section K.1 above. The estimate should also be certified by a licensed architect or engineer. Attach the completed unit estimates as Exhibit 12 of this application.

**L. Project Pro-Forma:**

Provide a detailed projection of the estimated revenues and expenses for the project. The projections for all rental projects and for the rental component of mixed-use projects should cover the full exemption period. Projections involving the sale of units should be for the period expected to be needed to complete all sales activity. Attach the projection as Exhibit 13 of this application.

**M. Project Financing Plan:**

1. Provide a detailed explanation of the expected method by which the project will be financed, indicating the amount of equity to be contributed and its source, all public loans and/or grants that are to be used and all private sources of capital. Attach this explanation as Exhibit 14 of this application.
2. Private Financing Commitments: Provide certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project. Attach these letters as Exhibit 15 of this application.

**N. Explanation of the Need for Tax Exemption:**

Provide an explanation of why the applicant believes that a long term tax exemption is necessary to make this project economically feasible. Attach the explanation as Exhibit 16 of this application.

**O. Project Schedule:**

Attach a detailed schedule of the key milestone dates in the approval, construction and leasing or sale of the project as Exhibit 17 of the application.

**P. Statement of Project Benefits:**

Provide a detailed description of the public benefits that would result from the project. At a minimum, include a projection of the number and type of construction jobs to be created, the number and type of permanent jobs to be created and the amount of municipal revenue to be



**Representations and Certifications:**

**In submitting the application, the Developer certifies that all of the information is true and accurate to the best of his or her knowledge and further certifies to the following:**

A. The project conforms to the Redevelopment Plan that is in effect for the area that includes the project site and with any Redevelopment Agreement as may be in place between the Municipality and the Developer.

B. The Project either 1) conforms to the Master Plan of the Municipality; or 2) to the extent that the Redevelopment Plan is inconsistent with the Master Plan, the Project conforms to the Redevelopment Plan and the Municipal Council, in adopting the Redevelopment Plan, set forth its reasons for adopting a Redevelopment Plan with such inconsistencies.

C. The project will conform to and the applicant(s) agrees to comply with all Federal and State laws and to all applicable municipal ordinances.

D. Construction of the project has not commenced as of the time of the submission of this application. The applicant understands that the Municipal Council is under no obligation to approve this tax exemption application. Any work done on the assumption of receipt of a tax exemption following the submission of the application and before final approval is undertaken at the risk of the developer. **Note that under no circumstances will an exemption be granted for a project that has already reached substantial completion.**

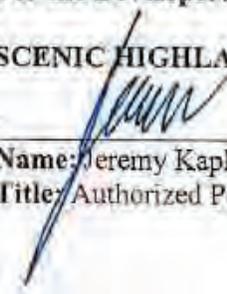
F. No officer or employee of the Municipality has any interest, directly or indirectly, in the project that is the subject of this application.

Signatures

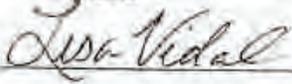
By my signature below, I hereby submit this application on behalf of the Developer. I certify that all of the information is true and accurate to the best of my knowledge and belief. I am aware that if any of the information provided is willfully false, that I am, subject to prosecution.

For the Developer:

SCENIC HIGHLANDS OWNER LLC

By:  10/30/2025  
Name: Jeremy Kaplan Date  
Title: Authorized Person

Attestation



Please notarize here or  
provide attestation and  
seal of corporate secretary



**EXHIBITS**

The following is a check-list of required exhibits that must be attached to the application:

<b><u>Exhibit #</u></b>	<b><u>Description</u></b>	<b><u>Included?</u></b>
1	Disclosure of Ownership	X
2	Certificate of Formation	X
3	Certificate of DCA Approval of Urban Renewal Entity	X
4	Resolution Authorizing Submission of Application	X
5	Metes and Bounds Description	X
6	Survey	X
7	Copy of Deed or Lease Agreement	X
8	Narrative Description of Project	X
9	Concept Plan	X
10	Site Plan Approval Resolution (To be provided)	X
11	Total Project Cost Estimate	X
12	Cost Estimates for Each Unit Type	X
13	Project Pro-Forma	X
14	Project Financing Plan	X
15	Private Financing Commitments	X
16	Explanation of the Need for Tax Exemption	X
17	Project Schedule	X
18	Summary of Project Benefits	X
19	Form of Financial Agreement	X

EXHIBIT I-A

DISCLOSURE OF OWNERSHIP

Instructions:

New Jersey law (*N.J.S.A. 52:25-24.2*) requires that all corporations and partnerships seeking a public contract submit a list of the names and addresses of all principals who own more than 10% of any class of stock, or 10% or more of the total stock (if a corporation), or 10% or more of the partnership. In addition, if the Developer has as one or more of its owners a corporation or partnership, the ownership of those entities must be similarly disclosed, and that process shall continue down the entire chain of ownership until the names and addresses of every unincorporated stockholder and/or individual partner with more than a 10% interest is disclosed.

This information must be provided on the forms following these instructions entitled "Disclosure of Ownership." Separate forms should be used for each corporation or partnership included in the chain of ownership. Each form must be signed by an officer of the corporation and be attested to by the secretary (if a corporation) or by all partners (if a partnership). Partnership forms must be notarized as well.

Failure to properly complete this disclosure statement or to submit it as part of the application will be grounds for the application to be rejected.



EXHIBIT I-C

DISCLOSURE OF OWNERSHIP  
(for use by Corporations/LLCs)

I. Principals/Members (list all owners of 10% or more of ownership in the Applicant)

<u>Name</u>	<u>Address</u>	<u>%Owned</u>
Edward Russo	Russo Development 570 Commerce Blvd. Carlstadt, New Jersey 07072	____%
ICK Family Investments LLC	515 Marin Boulevard Jersey City, NJ 07032	12.5%
MSK Family Investments LLC	515 Marin Boulevard Jersey City, NJ 07032	12.5%
IBK Family Investments LLC	515 Marin Boulevard Jersey City, NJ 07032	12.5%

Name of Company:  
**SCENIC HIGHLANDS OWNER LLC**

By: \_\_\_\_\_

Name: Jeremy Kaplan

Title: Authorized Person

Date: 10/30/2025

Attested by:

Lisa Vidal  
Name: Lisa Vidal

10/30/26  
Date



EXHIBIT 2

CERTIFICATE OF FORMATION

Please attach a copy of the approved certificate of formation of the entity applying for the exemption to this sheet.

*The Certificate of Formation is attached hereto.*

NEW JERSEY DEPARTMENT OF THE TREASURY  
DIVISION OF REVENUE AND ENTERPRISE SERVICES

CERTIFICATE OF FORMATION  
SCENIC HIGHLANDS OWNER LLC  
0451211880

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey State Law on 12/05/2024 and was assigned identification number 0451211880. Following are the articles that constitute its original certificate.

- 1. **Name:**  
SCENIC HIGHLANDS OWNER LLC
  - 2. **Registered Agent:**  
DAVID B. KAHAN, ESQ.
  - 3. **Registered Office:**  
515 MARIN BLVD  
JERSEY CITY, NEW JERSEY 07302
  - 4. **Business Purpose:**  
THE LLC SPECIFICALLY MAY ACQUIRE, OWN, HOLD, IMPROVE, DEVELOP, EXPLOIT, SELL, CONVEY, ASSIGN, LEASE, OPERATE, MANAGE, EXCHANGE, TRANSFER, DISPOSE OF, PLEDGE, MORTGAGE, DEAL IN, AND LOAN OR BORROW MONEY UPON, ALONE OR IN CONJUNCTION WITH OTHERS, REAL AND PERSONAL PROPERTY, TANGIBLE AND INTANGIBLE.
  - 5. **Duration:**  
PERPETUAL
  - 6. **Effective Date of this Filing is:**  
12/05/2024
  - 7. **Main Business Address:**  
515 MARIN BLVD  
JERSEY CITY, NEW JERSEY 07302
- Signatures:**  
DAVID B. KAHAN  
AUTHORIZED REPRESENTATIVE



Certificate Number : 4262795585  
Verify this certificate online at

[http://www1.state.nj.us/TRE/standingCert/ISO/Verify\\_Cert.jsp](http://www1.state.nj.us/TRE/standingCert/ISO/Verify_Cert.jsp)

IN TESTIMONY WHEREOF, I have  
hereunto set my hand and  
affixed my Official Seal  
5th day of December, 2024

Elizabeth Maher Muoio  
State Treasurer

Exhibit 3

Certificate of Approval of Urban Renewal Entity from the New Jersey Department of  
Community Affairs (DCA)

Please attach a copy of DCA's certificate of approval of the applicant as an Urban Renewal entity to this sheet. (Low and moderate income housing projects to be constructed outside an approved redevelopment area are exempt from this requirement.)

***The pending submission documents to the NJDCA and the Existing Certificate of Formation of Applicant is attached hereto. This Application will be supplemented with the filed Amended and Restated Certificate of Formation upon approval by the NJDCA.***

**NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS  
OFFICE OF LOCAL PLANNING SERVICES  
PO BOX 813  
TRENTON, NEW JERSEY 08625-0813**

**URBAN RENEWAL ENTITIES  
DISCLOSURE INFORMATION**

Instructions for Completion: You have filed an application for approval of an urban renewal entity pursuant to the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.). In order for us to process the application, we require that you provide the following information and forward this form to the above address or fax it to (609) 633-6056. This form must be completed prior to DCA approval of the entity. If you have any questions, please call Pamela Weintraub at (609) 633-2133 or email [Pamela.Weintraub@dca.nj.gov](mailto:Pamela.Weintraub@dca.nj.gov).

Name of Urban Renewal Entity: Scenic Highlands Owner Urban Renewal LLC

**SECTION 1: TYPE OF APPROVAL REQUESTED** (check one):

Original Certificate (of incorporation, limited partnership, formation, etc.)

Amendment to original certificate (of incorporation, limited partnership, formation, etc.). Note: In the case of amendments, please forward a copy of original certificate marked "filed, State Treasurer" or "filed, Secretary of State" with this form.

Other (please specify) \_\_\_\_\_

**SECTION 2: PROJECT INFORMATION**

Project Name: \_\_\_\_\_

Project Street Address: 6 Laurel Drive

Highlands, New Jersey

Project Block Number(s) 105.107 Project Lot Number(s) 1.01 (1/k/a lot 1.1)  
110 8.01

Municipality in which the Project is located Highlands

County in which the Project is located Monmouth

**SECTION 3** (For project listed in SECTION 2. Check one.)

This project is solely a commercial project (with no housing units) developed in a redevelopment area pursuant to a municipal redevelopment plan.

2. This project consists solely of market rate housing units developed in a redevelopment area pursuant to a municipal redevelopment plan.

3. The project consists of low and moderate income housing units, which may include senior citizen low and moderate income housing units.

4. This project consists of mixed uses (Specify type).

Market rate and low and moderate income housing.

Commercial and market rate housing.

Commercial and low and moderate income housing.

Other (please describe). \_\_\_\_\_

NOTE: If you checked 1 or 2, complete SECTIONS 4, 6, and 7.  
 If you checked 3, complete SECTION 5, 6, and 7.  
 If you checked 4, complete SECTIONS 4, 5, 6, and 7.

**SECTION 4: REDEVELOPMENT PLAN INFORMATION**

Name of Municipal Redevelopment Agency Borough of Highlands

Citation of municipal ordinance adopting the redevelopment plan 0-18-27

For housing projects, complete the following:

Specify type and number of units as applicable:

- Condominium units \_\_\_\_\_
- Market rate rental 248
- Low and moderate income in mixed use projects 44
- Senior citizen in mixed use projects \_\_\_\_\_
- Other (please specify) \_\_\_\_\_

Total number of units 292

**SECTION 5: PROJECT FUNDING SOURCES**

The low and moderate income housing project will be financed or insured by which of the following (check all applicable):

- Private funds (Please specify) \_\_\_\_\_
- State or Federal financing or insuring agencies (Please specify below)
- Other (Please specify) \_\_\_\_\_

State or Federal Financing or Insuring Agencies for the Project (check all that apply):

**NJ Department of Community Affairs:**

- Neighborhood Preservation Balanced Housing
- HOME - CHDO Production (Community Housing Development Organizations) Program
- HOME - Housing Production Investment Fund
- National Housing Trust Fund

**NJ Redevelopment Authority:**

- NJ Urban Site Acquisition Program

**US Department of Housing and Urban Development (HUD):**

- Section 811 Supportive Housing for Persons with Disabilities
- Section 202 Supportive Housing for the Elderly
- HOPE VI Grants
- HOME Program

**US Department of Agriculture:**

- Rural Resources Administration (formerly Farmers' Home Administration)

**Other (Please specify):**

\_\_\_\_\_

**NJ Housing and Mortgage Finance Agency:**

- NJ Community Housing Demo Program (developmental disabilities)
- NJ Supportive Housing Connection Program
- CHOICE Program
- Special Needs Housing Partnership Program
- Multifamily Rental Housing Program
- Multifamily Conduit Bond Program
- Public Housing Construction and Permanent Loan Program
- Sandy Special Needs Housing Fund
- Rental Housing Incentive Finance Fund
- 100% Mortgage Program
- Urban Home Ownership Recovery Program
- Low-Income Housing Tax Credit Allocation Program
- Money Follows the Person Housing Partnership Program
- Section 811 Project Based Rental Assistance Program
- Fund for Restoration of Multifamily Housing (FRM)
- Fund for restoration of Multifamily Housing -Public Housing Authority Set-Aside

List the information of the State or Federal financing or insuring agency's contact person:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Department/Agency: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**SECTION 6: PROJECT CONSTRUCTION/OWNERSHIP (check all that apply)**

- 1. The project is new construction.
- 2. An existing project is being rehabilitated.  
If rehab, specify name of individual, entity, etc. who is the current owner of the project.  
\_\_\_\_\_
- 3. Ownership of an existing project is being transferred to the new urban renewal entity.  
If transfer, specify name of individual, entity, etc. from whom the project is being or has been transferred.  
\_\_\_\_\_  
Is the transferor entity a limited dividend corporation or association, established pursuant to the Limited Dividend and Non Profit Housing Corporations and Associations Law, N.J.S.A. 55:16-1 et seq.? (yes or no) \_\_\_\_\_  
Is the transferor entity a limited dividend corporation or association, established pursuant to the Limited Dividend and Nonprofit Housing Corporations and Associations Law, N.J.S.A.55:16-1 et seq.? (yes or no) \_\_\_\_\_  
Has the project ever been subject to a deed restriction, as a limited dividend project, pursuant to the Limited Dividend and Nonprofit Housing Corporations and Associations Law, N.J.S.A.55:16-1 et seq.? (yes or no) \_\_\_\_\_  
Is the transferor entity an existing urban renewal entity established pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq.? (yes or no) \_\_\_\_\_
- 4. Has this project caused or will this project cause displacement of individuals or businesses? (yes or no) \_\_\_\_\_

**SECTION 7: CERTIFICATION**

NOTE: This certification must be completed by an individual authorized to execute the certificate of incorporation (incorporator), the certificate of limited partnership (general partner), or other similar certificate or statement as may be required by law.

**CERTIFICATION**

I attest that the information stated herein is truthful and accurate to the best of my knowledge and understand that failure to fully and accurately disclose any information may delay processing the application while the Department investigates the application and project. Further, I understand that any project of the urban renewal entity may be subject to additional Department review and approval, pursuant to the requirements of the Limited Dividend and Nonprofit Corporations or Associations Law, N.J.S.A. 55:16-1 et seq., the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., and/or rules governing Limited Dividend and Nonprofit Housing Corporations and Associations and Urban Renewal Entities, N.J.A.C. 5:13-1 et seq.

Sworn to me and subscribed before me this day of  
(mo/day/year) 10/30/2025

Lisa Vidal  
Lisa Vidal  
(notary public/attorney)

X. [Signature]  
(authorized individual's signature)  
Jeremy Kaplan  
(print name of authorized individual)



**AMENDED AND RESTATED  
CERTIFICATE OF FORMATION OF  
SCENIC HIGHLANDS OWNER LLC**

THE UNDERSIGNED, of the age of eighteen (18) years or over, for the purpose of amending the Certificate of Formation of Scenic Highlands Owner LLC, filed with the State of New Jersey Department of the Treasury on December 5, 2024 (#0451211880), in order to form a limited liability company pursuant to the provisions of the Revised New Jersey Limited Liability Company Act, Title 42:2C-1, et. seq. and the New Jersey Long Term Tax Exemption Law, Title 40A:20-1, et. seq., of the New Jersey Statutes, does hereby execute the following Amended and Restated Certificate of Formation:

1. Name of Limited Liability Company:

Scenic Highlands Owner Urban Renewal LLC (the "Company").

2. The purpose for which the Company is organized is:

To operate under P.L. 1991, c. 431; (C. 40A:20-1, et. seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects, and, when authorized by financial agreement with the Borough of Highlands, Monmouth County, New Jersey (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of improvement in a single project, under such conditions as to use, ownership, management and control as regulated pursuant to P.L. 1991, c. 431; (C. 40A:20-1, et. seq.) (the "Project").

3. Date of Formation:

The date upon which this certificate of formation is filed in the office of the State Treasurer of New Jersey.

4. Registered Agent Name & Address:

David B. Kahan  
David B. Kahan, PC  
515 Marin Boulevard  
Jersey City, NJ 07302

5. Dissolution date:

Perpetual existence.

6. Provisions/Declarations Required Pursuant to the Act:

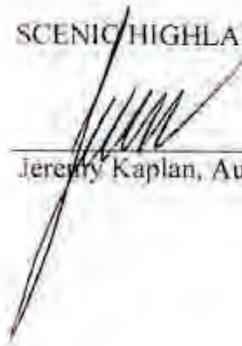
- a. So long as the Company is obligated under a financial agreement with the Municipality made pursuant to P.L. 1991, c. 431; (C. 40A:20-1, et. seq.), the Company shall engage in no business other than the ownership, operation and management of the Project.
- b. The Company has been organized to serve a public purpose and its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment, or the conduct of low and moderate income housing projects; and (2) the acquisition, management, and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L. 1991, c. 431; (C. 40A:20-1, et. seq.). The Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a project subject to P.L. 1991, c. 431; (C. 40A:20-1, et. seq.).
- c. The Company shall not voluntarily transfer more than 10% of the ownership of the project or any portion thereof undertaken by it under P.L. 1991, c. 431; (C. 40A:20-1, et. seq.), until it has first removed both itself and the project from all restrictions of P.L. 1991, c. 431; (C. 40A:20-1, et. seq.) in the manner required by P.L. 1991, c. 431; (C. 40A:20-1, et. seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the Company under the financial agreement with the Municipality. The entity shall file annually with the Municipality's governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity itself provided that the transfer, if greater than 10%, is disclosed to the Municipality's governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.
- d. The Company is subject to the provisions of Section 18 of P.L. 1991, c. 431; (C. 40A:20-18) respecting the powers of the Municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.
- e. Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of the Department of Community Affairs.

The undersigned represents that the Company has one or more members and that this filing complies with requirements of N.J.S.A. § 42:2C-1, et. seq. The undersigned hereby represent(s) that it is authorized to sign this certificate on behalf of the Company.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate as of the date first above written.

SCENIC HIGHLANDS OWNER LLC



---

Jeremy Kaplan, Authorized Person

Filed by:  
Giordano, Halleran & Ciesla, P.C.  
125 Half Mile Road, Suite 300  
Red Bank, NJ 07701

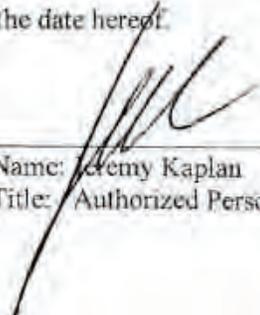
RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

WHEREAS, SCENIC HIGHLAND OWNER LLC (the "Company") is a duly formed limited liability company under the laws of the State of New Jersey.

IT IS RESOLVED that this Company is authorized to submit an application to the Borough of Highlands ("Municipality") for the provision of a long term tax exemption.

BE IT FURTHER RESOLVED that if this Company's application is accepted by the Municipality, this Company is authorized to execute and deliver on its behalf, a contract with the Municipality, substantially in the form attached to the application, with such changes thereto as may be negotiated by the parties.

The undersigned Authorized Person of this Company hereby certifies that the foregoing Resolution was lawfully adopted by the Members of this Company on October 30, 2025, that the foregoing Resolution is a true, accurate and complete copy of the Resolution so adopted and placed in the Company's records, and that they are in full force and effect as of the date hereof.

  
\_\_\_\_\_  
Name: Jeremy Kaplan  
Title: Authorized Person

10.30.25  
Date

Sworn before me this 30<sup>th</sup> day  
of October 2025

  
Notary Public



Exhibit 5

METES AND BOUNDS DESCRIPTION

*A copy of the Metes and Bounds Description is attached hereto.*

101 Crawfords Corner Road  
 Suite 3400  
 Holmdel, NJ 07733  
 Main: 877 627 3772

**Colliers**

Engineering  
& Design

**DESCRIPTION OF PROPERTY**  
**BOROUGH OF HIGHLANDS**  
**MONMOUTH COUNTY, NEW JERSEY**

**BLOCK 105.107, LOT 1.01**  
**PROJECT NO. 24006738A**  
**OCTOBER 11, 2024**  
**PAGE 1 | 3**

All that certain lot, tract or parcel of land situate, lying and being in the Borough of Highlands, in the County of Monmouth and the State of New Jersey, and being all of Lot 1.01, Block 105.107, as shown on a map entitled "Boundary Survey for KRE Acquisition Corp., Block 105.107, Lot 1.01, Borough of Highlands, Monmouth County, New Jersey", prepared by Colliers Engineering & Design, dated September 20, 2024, and being more particularly bounded and described as follows:

**BEGINNING** at the intersection of the easterly right of way line of New Jersey State Highway No. 36, (100 foot wide right of way), with the northerly right of way line of Linden Avenue, (40 foot wide right of way), and running; thence -

1. **N 53°51'19" W, 396.62 feet**, along the aforesaid easterly right of way line of New Jersey State Highway No. 36, to an angle point in the same, thence -
2. **N 47°56'07" W, 402.75 feet**, still along the aforesaid easterly right of way line of New Jersey State Highway No. 36, and beyond, along the easterly right of way line of Ocean Avenue (50 foot wide right of way), to an angle point in the same, thence -

The following three (3) courses running along the aforesaid easterly right of way line of Ocean Avenue:

3. **N 57°11'07" W, 65.03 feet**, thence -
4. **N 66°53'07" W, 289.21 feet**, thence -
5. **N 59°47'07" W, 192.07 feet**, to a point in the centerline of former Ocean Avenue (50-foot wide private road), vacated by Ordinance 0-82-4, thence -

The following nine (9) courses running along the aforesaid centerline of former Ocean Avenue:

6. **N 20°33'41" E, 39.55 feet**, to a point of curvature, thence -
7. **NORTHEASTWARDLY** along an arc having a radius of **70.00 feet**, and curving to the right, an arc distance of **42.66 feet**, (Central Angle of 34°55'04"), said arc being connected by a chord bearing of **N 38°01'13" E** and a chord distance of **42.00 feet**, to a point of tangency; thence -
8. **N 55°28'41" E, 44.54 feet**, to a point of curvature, thence -
9. **NORTHEASTWARDLY** along an arc having a radius of **132.62 feet**, and curving to the right, an arc distance of **121.71 feet**, (Central Angle of 52°34'56"), said arc being connected by a chord bearing of **N 81°46'09" E** and a chord distance of **117.48 feet**, to a point of tangency; thence -
10. **S 71°56'19" E, 181.99 feet**, thence -
11. **S 56°45'19" E, 146.75 feet**, thence -

DESCRIPTION OF PROPERTY  
BOROUGH OF HIGHLANDS  
MONMOUTH COUNTY, NEW JERSEY

BLOCK 105.107, LOT 1.01  
PROJECT NO. 24006738A  
OCTOBER 11, 2024  
PAGE 2 | 3

Colliers

Engineering  
& Design

12. **S 52°46'19" E, 397.89 feet**, thence -
13. **NORTHEASTWARDLY** along an arc having a radius of **54.29 feet**, and curving to the left, an arc distance of **150.56 feet**, (Central Angle of 158°53'53"), said arc being connected by a chord bearing of **N 47°46'44" E** and a chord distance of **106.74 feet**, to a point of reverse curvature; thence -
14. **NORTHWESTWARDLY** along a non-tangent arc having a radius of **1,367.45 feet**, and curving to the right, an arc distance of **319.69 feet**, (Central Angle of 13°23'41"), said arc being connected by a chord bearing of **N 24°49'23" W** and a chord distance of **318.96 feet**, to a point in the common line between Lot 1.01, Block 105.107 and Lot 3, Block 105; thence -
15. **N 26°52'39" E, 226.51 feet**, along the aforesaid common line between Lot 1.01, Block 105.107 and Lot 3, Block 105, to the common line between Lot 4, Block 105 and said Lot 1.01, Block 105.107, thence -
16. **S 47°53'21" E, 270.48 feet**, along the aforesaid common line between Lot 4, Block 105 and Lot 1.01, Block 105.107, and beyond, along the common line between Lot 2, Block 105 and said Lot 1.01, Block 105.107, to the common line between Lot 2, Block 110 and said Lot 1.01, Block 105.107, thence -
17. **S 63°07'21" E, 437.05 feet**, still along the aforesaid common line between Lot 2, Block 110 and said Lot 1.01, Block 105.107, and beyond along the common line between Lots 4 & 5, Block 110 and said Lot 1.01, Block 105.107, to the common line between Lot 22, Block 110 and said Lot 1.01, Block 105.107, thence -
18. **S 02°43'22" E, 65.42 feet**, along the aforesaid common line between Lot 22, Block 110 and Lot 1.01, Block 105.107, to the common line between Lot 19.01, Block 110 and said Lot 1.01, Block 105.107, thence -
19. **S 04°23'09" W, 580.14 feet**, along the aforesaid common line between Lot 19.01, Block 110 and Lot 1.01, Block 105.107, and beyond, along the common line between Lots 18, 17, 16.02, 16.01 & 12, Block 110, with said Lot 1.01, Block 105.107, to the aforesaid northerly right of way line of Linden Avenue; thence -
20. **S 85°18'32" W, 50.00 feet**, along the aforesaid northerly right of way line of Linden Avenue, to the common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, thence -
21. **N 04°20'28" E, 201.92 feet**, along the aforesaid common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, to an angle point in the same, thence -
22. **S 85°18'32" W, 244.92 feet**, still along the common line between Lot 11, Block 110.01 and Lot 1.01, Block 105.107, and beyond, along the common line between Lots 10 & 9, Block 110.01 and said Lot 1.01, Block 105.107, to an angle point in the same, thence -
23. **S 09°03'20" E, 200.00 feet**, along the aforesaid common line between Lot 9, Block 110.01 and Lot 1.01, Block 105.107, to the aforesaid northerly right of way line of Linden Avenue, thence -

DESCRIPTION OF PROPERTY  
BOROUGH OF HIGHLANDS  
MONMOUTH COUNTY, NEW JERSEY

BLOCK 105.107, LOT 1.01  
PROJECT NO. 24006738A  
OCTOBER 11, 2024  
PAGE 3 | 3



24. **S 85°18'32" W, 49.18 feet**, along the aforesaid northerly right of way line of Linden Avenue to the Point and Place of **BEGINNING**.

**CONTAINING:** 614,468.6 square feet or 14.106 acres of land, more or less.

**SUBJECT TO:** to all easements, restrictions, reservations, agreements, covenants and rights of way of record.

The foregoing description was prepared by the undersigned surveyor for the firm of Colliers Engineering & Design and is based on the aforesaid boundary survey.



Digitally signed by Eric Wilde  
Date: 2024.10.15 15:48:56-04'00'

October 15, 2024

**Eric V. Wilde, P.L.S.**

**Date:**

New Jersey Professional Land Surveyor

License Number GS43279

Exhibit 6

SURVEY

Attach survey of the project. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

*A copy of the Survey is attached hereto.*



Exhibit 7

COPY OF DEED OR LEASE AGREEMENT

Please attach evidence that applicant has legal control over site(s) included in the proposed project.

*A copy of the Deed is attached hereto.*

7

COUNTY OF MONMOUTH  
 CONSIDERATION  
 RTF: **EXEMPT**  
 DATE 5-46 BY [Signature]

MAY 02 2006



Prepared By:

ALLEN WEISS, BSQ.

CLERK  
 CLARE FRENCH  
 MONMOUTH COUNTY  
 INSTRUMENT NUMBER  
 2006054502  
 RECORDED IN  
 MAY 04 2006  
 9:07:43 AM  
 BOOK: OR-8550  
 PAGE: 4825  
 Total Fees: 7  
 COUNTY RECORDING FEE \$100.00  
 TOTAL \$100.00

**DEED OF MERGER**

This Deed is made on April 21, 2006,

*BETWEEN*

**Highlander Associates, L.P., a New Jersey Limited Partnership**

whose address is 374 Millburn Avenue, Suite 200-E, Millburn, New Jersey 07041

referred to as the Grantor,

*AND*

**Highlander Development Group, L.L.C., a New Jersey Limited Liability Company**

whose address is 374 Millburn Avenue, Suite 200-E, Millburn, New Jersey 07041

referred to as the Grantee,

The words "Grantor" and "Grantee" shall mean all Grantors and all Grantees listed above.

**Transfer of Ownership.** The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of Ten and 00/100 (\$10.00) Dollars. The Grantor acknowledges receipt of this money.

**Tax Map Reference.** (N.J.S.A. 46:15-2.1) Borough of Highlands

**Lot 1.01, Block 105.107 & Lot 8.01, Block 110**

**Property.** The property consists of the land and all the buildings and structures on the land in the Borough of Highlands, County of Monmouth and State of New Jersey. The legal description is:

**BEING** the same premises further described in accordance with Schedule "A" appended hereto.

MFR 21 2000 10 00 FR CHICAGO TITLE

17022304000 10 7328903441

P.04

Issued By:

CHICAGO TITLE INSURANCE COMPANY

Schedule A - Description

## COMMERCIAL COMMITMENT FOR TITLE INSURANCE

Your Reference: HIGHLANDER ASSOCIATES TO TSD

Commitment No: 3625-00112

## 4. The land referred to in this Commitment is described as follows:

ALL THAT CERTAIN TRACT, PARCEL AND LOT OF LAND LYING AND BEING SITUATE IN THE BOROUGH OF HIGHLANDS, COUNTY OF MONMOUTH, STATE OF NEW JERSEY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EASTERLY LINE OF NEW JERSEY STATE HIGHWAY ROUTE 36 AND THE NORTHERLY LINE OF LINDEN AVENUE, AND RUNNING THENCE;

1. ALONG THE EASTERLY LINE OF ROUTE 36, ON A COURSE OF NORTH 43 DEGREES 22 MINUTES 58 SECONDS WEST, A DISTANCE OF 396.40 FEET TO A POINT, THENCE;
2. ALONG THE EASTERLY LINE OF OCEAN AVENUE, ON A COURSE OF NORTH 37 DEGREES 27 MINUTES 46 SECONDS WEST, A DISTANCE OF 402.75 FEET TO A POINT, THENCE;
3. STILL ALONG THE EASTERLY LINE OF OCEAN AVENUE, ON A COURSE OF NORTH 46 DEGREES 42 MINUTES 46 SECONDS WEST, A DISTANCE OF 65.03 FEET TO A POINT, THENCE;
4. NORTH 56 DEGREES 24 MINUTES 46 SECONDS WEST, A DISTANCE OF 289.21 FEET TO A POINT, THENCE;
5. STILL ALONG THE EASTERLY LINE OF OCEAN AVENUE, ON A COURSE OF NORTH 49 DEGREES 18 MINUTES 46 SECONDS WEST, A DISTANCE OF 192.07 FEET TO A POINT IN THE CENTERLINE OF OCEAN AVENUE, AND RUNNING THENCE;
6. ALONG THE CENTERLINE OF OCEAN AVENUE, ON A COURSE OF NORTH 31 DEGREES 02 MINUTES 02 SECONDS EAST, A DISTANCE OF 39.55 FEET, TO A POINT OF CURVATURE, THENCE;
7. ON A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET, AN ARC LENGTH OF 42.66 FEET TO A POINT, THENCE;
8. NORTH 55 DEGREES 57 MINUTES 02 SECONDS EAST, A DISTANCE OF 44.54 FEET TO A POINT OF CURVATURE, THENCE;
9. ON A CURVE TO THE RIGHT HAVING A RADIUS OF 132.63 FEET, AN ARC LENGTH OF 121.71 FEET TO A POINT, THENCE;
10. STILL ALONG THE CENTERLINE OF OCEAN AVENUE, ON A COURSE OF SOUTH 51 DEGREES 27 MINUTES 58 SECONDS EAST, A DISTANCE OF 181.99 FEET TO A POINT, THENCE;
11. SOUTH 46 DEGREES 16 MINUTES 58 SECONDS EAST, A DISTANCE OF 146.75 FEET TO A POINT, THENCE;

(Continued on Next Page)

Issued By:

CHICAGO TITLE INSURANCE COMPANY

Schedule A - Description (cont'd)

## COMMERCIAL COMMITMENT FOR TITLE INSURANCE

Your Reference: HIGHLANDER ASSOCIATES TO TRD

Commitment No: 3625-00112

12. SOUTH 42 DEGREES 17 MINUTES 58 SECONDS EAST, A DISTANCE OF 397.89 FEET TO A POINT OF CURVATURE, THENCE;
13. ON A CURVE TO THE LEFT HAVING A RADIUS OF 54.29 FEET, AN ARC LENGTH OF 150.56 FEET TO A POINT OF REVERSE CURVATURE, THENCE;
14. ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1367.45 FEET, AN ARC LENGTH OF 320.00 FEET TO A POINT, THENCE;
15. NORTH 37 DEGREES 21 MINUTES EAST, A DISTANCE OF 225.51 FEET TO A POINT IN THE WESTERLY LINE OF LOT 4 BLOCK 105, THENCE;
16. ALONG THE WESTERLY LINE OF LOT 4 AND LOT 2 IN BLOCK 105, ON A COURSE OF SOUTH 37 DEGREES 25 MINUTES EAST, A DISTANCE OF 270.48 FEET TO A POINT, THENCE;
17. ALONG THE WESTERLY LINE OF LOT 2, LOT 4 AND LOT 5 IN BLOCK 110, ON A COURSE OF SOUTH 52 DEGREES 39 MINUTES EAST, A DISTANCE OF 437.05 FEET TO A POINT, THENCE;
18. SOUTH 06 DEGREES 53 MINUTES WEST, A DISTANCE OF 54.75 FEET TO A POINT, THENCE;
19. SOUTH 14 DEGREES 49 MINUTES 56 SECONDS WEST, A DISTANCE OF 580.70 FEET TO A POINT IN THE NORTHERLY LINE OF LINDEN AVENUE, THENCE;
20. ALONG THE NORTHERLY LINE OF LINDEN AVENUE, ON A COURSE OF NORTH 84 DEGREES 12 MINUTES WEST, A DISTANCE OF 50.26 FEET TO A POINT IN THE SOUTHEAST CORNER OF LOT 11, BLOCK 110, THENCE;
21. ALONG THE EASTERLY LINE OF LOT 11, ON A COURSE OF NORTH 14 DEGREES 49 MINUTES 56 SECONDS EAST, A DISTANCE OF 201.52 FEET TO A POINT, THENCE;
22. ALONG THE NORTHERLY LINE OF LOT 11, LOT 10 AND LOT 9, BLOCK 110, ON A COURSE OF NORTH 84 DEGREES 12 MINUTES WEST, A DISTANCE OF 244.92 FEET TO A POINT, THENCE;
23. ALONG THE WESTERLY LINE OF LOT 9 BLOCK 110, ON A COURSE OF SOUTH 01 DEGREES 26 MINUTES 08 SECONDS WEST, A DISTANCE OF 200.00 FEET TO THE NORTHERLY LINE OF LINDEN AVENUE, THENCE;
24. ALONG THE NORTHERLY LINE OF LINDEN AVENUE, ON A COURSE OF NORTH 84 DEGREES 12 MINUTES WEST, A DISTANCE OF 50.26 FEET TO THE POINT OR PLACE OF BEGINNING.

DRAWN IN ACCORDANCE WITH A SURVEY BY RICHARD B. STOCKTON & ASSOCIATES, INC., DATED APRIL 26, 1993.

GIT/REP-3  
(6/05)

State of New Jersey

# Seller's Residency Certification/Exemption

(C.55, P.L. 2004)

(Please Print or Type)

**SELLER(S) INFORMATION (See Instructions, page 2):**

Name(s) Highlander Associates, L.P.

Current Resident Address 374 Millburn Avenue, Suite 200-E

City, Town, Post Office Millburn State NJ Zip Code 07041

**PROPERTY INFORMATION (Brief Property Description):**

Block(s) 105.107 and 110 Lot(s) 1.01 and 8.01 Qualifier \_\_\_\_\_

Street Address \_\_\_\_\_

City, Town, Post Office Borough of Highlands State NJ Zip Code \_\_\_\_\_

Seller's Percentage of Ownership 100% Consideration \$10.00 Closing Date \_\_\_\_\_

**SELLER ASSURANCES (Check the Appropriate Box):**

- 1.  I am a resident taxpayer (individual, estate or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
- 2.  The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the Federal Internal Revenue Code of 1986, 26 U.S.C. a. 121.
- 3.  I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
- 4.  Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
- 5.  Seller is not individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
- 6.  The total consideration for the property is \$1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
- 7.  The gain from the sale will not be recognized for Federal income tax purposes under I.R.O. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION.) If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale.
- 8.  Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the interstate laws of this state.

**SELLER(S) DECLARATION:**

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

4/28/06  
Date

Marc J. Galber  
Signature Marc J. Galber  
(Seller) Please indicate if Power of Attorney or Attorney in Fact

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature  
(Seller) Please indicate if Power of Attorney or Attorney in Fact

MC645 - Affidavit of Consideration  
RTP-1 (Rev. 02/04) FWD  
STATE OF NEW JERSEY  
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER  
(Chapter 49, P.L. 1988, as amended by through Chapter 80, P.L. 2004)  
To be recorded with deed pursuant to Chapter 49, P.L. 1988 as amended by Chapter 80, P.L. 2004 (N.J.S.A. 46:12-6 et seq.)  
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY }  
COUNTY OF MONMOUTH } SS.  
FOR RECORDER'S USE ONLY  
Consideration \$ \_\_\_\_\_  
RTP paid by seller \$ **EXEMPT**  
Date 3-4-06 By [Signature]

(I) PARTY OR LEGAL REPRESENTATIVE (See Instructions #3, 4 and 5 attached)  
Deponent, Marc J. Geiber, being duly sworn according to law upon his/her oath deposes and says that he/she is the Corporate Officer in a deed dated \_\_\_\_\_  
transferring real property identified as Block No. 435,107 and 110 Lot No. 1.01 in dB.01  
located at Borough of Highlands, New Jersey and situated hereto.

(II) CONSIDERATION (See Instruction #6)  
Deponent states that, with respect to deed hereto annexed, the actual amount of money and the monetary value of any other thing of value constituting the entire consideration paid or to be paid for the transfer of title to the lands, tenements or other realty, including the remaining amount of any prior mortgage to which the transfer is subject or which is to be assumed and agreed to be paid by the grantee and any other lien or encumbrance thereon not paid, satisfied or removed in connection with the transfer of title is \$10.00

(III) FULL EXEMPTION FROM FEE  
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by c. 49, P.L. 1988, as amended through c. 80, P.L. 2004 for the following reason(s). Explain in detail. (See Instruction #7.) Mere reference to exemption symbol is not sufficient. (a) For a consideration of less than \$100.00.

(IV) PARTIAL EXEMPTION FROM FEE  
NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void stamp for partial exemption. (See Instructions #8 and #9.)  
Deponent claims that this deed transaction is exempt from the State portion of the Basic Fee imposed by c. 175, P.L. 1976; c. 112, P.L. 2004; and c. 55, P.L. 2004 for the following reason(s):

- A. SENIOR CITIZEN (See Instruction #8)  
 Grantor(s) 62 years of age or over.\*  
 One- or two-family residential premises.  
 Resident of the State of New Jersey.  
 Owned and occupied by grantor(s) at time of sale.  
 Owners as joint tenants must all qualify.
- B. BLIND (See Instruction #8)  
 Grantor(s) legally blind.\*  
 One- or two-family residential premises.  
 Owned and occupied by grantor(s) at time of sale.  
 Owners as joint tenants must all qualify.  
 Resident of the State of New Jersey.  
DETAILED (See Instruction #9)  
 Grantor(s) permanently and totally disabled.\*  
 Receiving disability payments.\*  
 Not gainfully employed.\*  
 One- or two-family residential premises.  
 Owned and occupied by grantor(s) at time of sale.  
 Owners as joint tenants must all qualify.  
 Resident of the State of New Jersey.

\* IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY.  
C. LOW AND MODERATE INCOME HOUSING (See Instruction #8)  
 Affordable according to HUD standards.  
 Meets income requirements of region.  
 Reserved for occupancy.  
 Subject to resale controls.

(V) NEW CONSTRUCTION (See Instruction #9) - Affidavit must be executed by Grantor  
 Entirely new improvement.  
 Not previously used for any purpose.  
 Not previously occupied.  
 "NEW CONSTRUCTION" printed clearly at the top of the first page of the deed.

Deponent makes this Affidavit to induce the County Clerk or Register of Deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of c. 49, P.L. 1988, as amended through c. 80, P.L. 2004.

Subscribed and sworn to before me this 3rd day of April, 2006.  
[Signature] Marc J. Geiber  
Name of Deponent  
374 Millburn Avenue, Ste. 200E  
Millburn, N.J. 07041  
Address of Grantor at Time of Sale

Notary Public ALLEN PETERS  
AN ATTORNEY AT LAW OF NEW JERSEY  
Name/Company of Settlement Office

FOR OFFICIAL USE ONLY  
Instrument Number \_\_\_\_\_ County \_\_\_\_\_  
Deed Number \_\_\_\_\_ Book \_\_\_\_\_ Page \_\_\_\_\_  
Filed Date \_\_\_\_\_ Date Recorded \_\_\_\_\_

\* In form prescribed by the Director, Division of Taxation to the Department of the Treasury, as required by law, and may not be altered or amended without the approval of the Director.

BEING the same premises conveyed to the Grantor herein by:

Deed from Mary H. Bennett, Widow, dated December 23, 1987, recorded December 24, 1987 in the Monmouth County Clerks Office in Deed Book 4817 Page 750

and

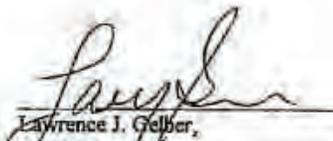
Deed from Manufacturers Handover Trust Company, as Trustee for the Estate of Estelle Metzger, dated February 29, 1988, recorded March 14, 1988 in the Monmouth County Clerks Office in Deed Book 4836 Page 119.

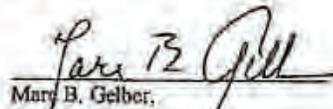
SUBJECT TO COVENANTS, EASEMENTS AND RESTRICTIONS OF RECORD.

**Promises by Grantor.** The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts". N.J.S.A. 46:4-6. This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

**Signatures.** The Grantor signs this Deed as of the date at the top of the first page.

Highlander Associates, L.P.  
a New Jersey Limited Partnership  
BY: Laurel View Associates, Inc.  
a New Jersey Corporation,  
its general partner

  
Lawrence J. Gelber,  
Secretary

  
Marc B. Gelber,  
President

**STATE OF NEW JERSEY  
COUNTY OF MONMOUTH SS.:**

I CERTIFY that on April 21, 2006,

Lawrence J. Gelber personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person is the Secretary of Laurel View Associates, Inc., the corporation named in the attached document;

(b) this person is the attesting witness to the signing of this document by the proper corporate officer who is Marc B. Gelber, The President of the corporation;

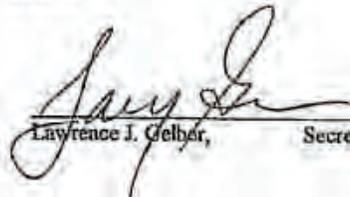
(c) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors;

(d) this person knows the proper seal of the corporation which was affixed to this document;

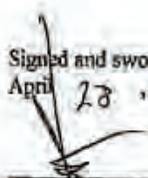
(e) this person signed this proof to attest to the truth of these facts; and

(f) the full and actual consideration paid or to be paid for the transfer of title is \$10,00.

Such consideration is defined in N.J.S.A. 46:15-5.

  
Lawrence J. Gelber, Secretary

Signed and sworn to before me on  
April 28, 2006

  
ALLEN WEISS,  
An Attorney at Law of New Jersey

Record and return to:

Allen Weiss, Esq.  
61 Village Court  
PO Box 383  
Hazlet, New Jersey 07730

3 Ch 572  
(Maybrusch & Zapac)

Exhibit 8NARRATIVE DESCRIPTION OF PROJECT

Including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Describe each type of unit to be constructed as part of the project as well as any restrictions relating to age or income. Include maps, renderings, floor plans and other graphic materials if available.

*The Applicant proposes to develop the Property with a multi-family residential project, which is proposed to include approximately (i) 292 rental units, including a 15% set aside for affordable units; and (ii) associated site improvements, customary and ancillary to the proposed use, which includes, but is not limited to, parking, a clubhouse, amenity spaces, ingress/egress drive aisles, lighting, landscaping, utilities and stormwater management improvements.*

*As for contemplated unit mix, the Project is proposed to include the following:*

*Market Rate Unit Type: 248 units*

- *1BR/1BA: 62 units*
- *1BR/1BA + Den: 37 units*
- *2BR/2BA: 87 units*
- *2BR/2BA+ Den: 37 units*
- *3BR/2BA: 25 units*

*Affordable Unit Type: 44 units*

- *1BR/1BA: 8*
- *2BR/2BA: 25*
- *3BR/2BA: 11*

Exhibit 9

SITE PLAN APPROVAL BY PLANNING BOARD

*A Concept Plan is attached hereto. The Applicant will supplement this Application with the full site plan upon approval by the Planning Board. The site plan will be substantially consistent with the attached Concept Plan.*



**PROJECT DATA**

ZONE: MH - MOBILE HOME RESIDENCE ZONE DISTRICT  
 BLOCK: 105-107 LOT: 1 D1  
 PROPERTY AREA: 14.106 AC. ± 614,404 S.F. ±

**MARKET RATE UNITS**

UNIT	1L1	1L2	GRD	2ND	3RD	4TH	5TH	TOTAL	%
1-B.R.	1	1	5	13	14	14	14	62	(25.0%)
1-B.R.+DEN	2	2	2	7	8	8	8	37	(14.9%)
2-B.R.	5	5	5	12	20	20	20	87	(35.1%)
2-B.R.+DEN	2	2	2	7	8	8	8	37	(14.9%)
3-B.R.	2	2	2	4	5	5	5	25	(10.1%)
<b>TOTAL</b>	<b>12</b>	<b>12</b>	<b>16</b>	<b>43</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>240</b>	<b>UNITS</b>

**AFFORDABLE UNITS**

UNIT	1L1	1L2	GRD	2ND	3RD	4TH	5TH	TOTAL	%
1-B.R.	0	0	0	2	2	2	2	8	(3.1%)
2-B.R.	2	2	2	4	5	5	5	25	(9.6%)
3-B.R.	1	1	1	2	2	2	2	11	(25.0%)
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>44</b>	<b>UNITS</b>

**TOTAL 282 UNITS**

**PARKING PROVIDED**

TYPE	SPACES
COVERED PARKING (GRD)	107 SPACES
COVERED PARKING (LLC)	203 SPACES
COVERED PARKING (LLI)	146 SPACES
<b>TOTAL</b>	<b>(1,58 SPACES/UNIT) 546 SPACES</b>

**SETBACKS**

TYPE	NEED
FRONT	25 FT
SIDE	25 FT
REAR	50 FT

**MAX. BUILDING HEIGHT** 10 STORIES (25 FT)  
**LANDSCAPE BUFFER (OCEAN BLVD.)** 90 FT  
**MAX. BUILDING COVERAGE** 50%

PROPOSED REDEVELOPMENT AT  
**GELBER**



BOROUGH OF HIGHLANDS, MONMOUTH COUNTY, NEW JERSEY

CONCEPTUAL  
 SITE PLAN  
**A1.1**

Date: 4/3/25  
 Revised: 10/30/25

Exhibit 10

SITE PLAN APPROVAL RESOLUTION

*Will be supplemented upon receipt.*

Exhibit 11

TOTAL PROJECT COST ESTIMATE

Please fill out the form included below or attach a form substantially similar in its level of detail. This estimate must be certified by a licensed architect or engineer.

*See attached Cost Estimate Pro Forma.*

HIGHLANDS BOROUGH SHADOW LAWN REDEVELOPMENT; 6 LAUREL DRIVE, HIGHLANDS NJ  
 Construction Budget Summary

\$64,516 per market rate limit

Land Costs	Per GSF	Per NSF	Per Unit	Total
Residential Acquisition - Apartments			\$54,795	\$16,000,000
<b>Subtotal Land Costs</b>	<b>\$36.55</b>	<b>\$46.93</b>	<b>\$54,795</b>	<b>\$16,000,000</b>
<b>Hard Costs</b>				
Building Hard Costs			\$270,530	\$78,094,098
General Conditions/Offsite Improvements			\$15,518	\$4,823,268
<b>Subtotal Hard Costs</b>	<b>\$192.06</b>	<b>\$245.84</b>	<b>\$287,048</b>	<b>\$83,017,966</b>
<b>Site Costs</b>				
Environmental/Ground Improvements			\$5,891	\$2,012,300
Earthwork			\$12,337	\$3,802,471
Exterior Improvements			\$14,372	\$4,195,748
Stormwater Costs			\$5,995	\$1,750,538
Retaining Walls			\$492	\$140,800
Utilities			\$2,807	\$819,583
<b>Subtotal Site Costs</b>	<b>\$28.69</b>	<b>\$36.73</b>	<b>\$42,895</b>	<b>\$12,522,440</b>
<b>Soft Costs</b>				
Architecture & Engineering			\$11,255	\$3,286,500
Legal (PILOT/TIF/Tax Agreements, Other Approvals, etc.)			\$656	\$250,000
Permit Fees (Sewer & Water Connection/Building/Electric)			\$7,288	\$2,128,052
Real Estate Taxes			\$2,069	\$604,056
Marketing & Promotions			\$257	\$75,000
Other Soft Costs			\$32,017	\$9,348,917
Interest Reserve			\$36,578	\$10,680,920
Contingency			\$29,418	\$8,589,970
<b>Subtotal Soft Costs</b>	<b>\$80.12</b>	<b>\$102.55</b>	<b>\$119,738</b>	<b>\$34,963,415</b>
<b>Total Development Costs (Excluding Land)</b>				
	<b>\$300.86</b>	<b>\$385.12</b>	<b>\$449,871</b>	<b>\$131,303,822</b>
<b>Total Development Costs</b>	<b>\$337.54</b>	<b>\$432.05</b>	<b>\$504,465</b>	<b>\$147,303,822</b>
<b>Yield on Cost</b>				<b>6.30%</b>

# Major

October 22<sup>nd</sup>, 2025

Borough of Highlands  
151 Navesink Avenue  
Highlands, NJ 07732  
Attn: Carolyn Brouillon, Mayor

**RE: Scenic Highlands Owner, LLC; Highlands Borough Shadow Lawn Redevelopment, 6 Laurel Drive, Block 105.107, Lot 1.1, Highlands, New Jersey; Project Cost Estimate**

To whom this may concern,

Please find this letter in reference to the above development to occur at Block 105.107, Lot 1.1 in the Borough of Highlands. Please be advised that I am familiar with this project. I am also familiar with similar projects located in the same general geographic area.

I have reviewed the cost estimate and per unit cost estimate, each attached hereto, and to the best of my knowledge, information and belief, the cost estimate provided represents an accurate, good faith estimate as to the aggregate project cost.

Should you have any additional questions or concerns, please feel free to contact our office at (646) 904-8885.

Regards,



Marc Kushner, AIA  
Principal  
marc@itsmajor.com  
NJ Registered Architect - 21A102040800

**Major Architecture PA**  
485 Marin Blvd., 2nd Floor  
Jersey City, NJ 07302  
www.itsmajor.com



5486.0003  
October 21, 2025

Borough of Highlands  
151 Navesink Avenue  
Highlands, NJ 07732  
**Attn: Carolyn Broullon, Mayor**

**RE: Scenic Highlands Owner, LLC; Highlands Borough Shadow Lawn Redevelopment, 6  
Laurel Drive, Block 105.107, Lot 1.1, Highlands, New Jersey; Project Cost Estimate**

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I have reviewed the cost estimate and per unit cost estimate, each attached hereto, and to the best of my knowledge, information and belief, the cost estimate provided represents an accurate, good faith estimate as to the aggregate project cost.

Should you have any additional questions or concerns, please feel free to contact our office at 732-797-3100.

Sincerely,

Christopher P. Rosati  
Professional Engineer  
NJ License No. 41981

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Exhibit 12

COST ESTIMATE FOR EACH UNIT TYPE

Attach a summary of the estimated total costs for each unit, broken down by type of unit. This information can be presented in summary form, not at the level of detail required in Exhibit 11. However, this estimate must also be certified by a licensed architect or engineer.

*Attached hereto.*

**HIGHLANDS BOROUGH SHADOW LAWN REDEVELOPMENT: 6 LAUREL DRIVE, HIGHLANDS NJ****Pro Forma Operating Statement**

<b>Market Unit Type</b>	<b>Count</b>	<b>% Count</b>	<b>Average NSF</b>	<b>RPSF</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>
1BR / 1BA	62	21%	794	\$46.85	\$3,100	\$2,306,400
1BR / 1BA + Den	37	13%	1,044	\$40.23	\$3,500	\$1,554,000
2BR / 2BA	87	30%	1,272	\$38.66	\$4,100	\$4,280,400
2BR / 2BA + Den	37	13%	1,494	\$36.14	\$4,500	\$1,998,000
3BR / 2BA	25	9%	1,628	\$36.86	\$5,000	\$1,500,000
<b>Total/Average</b>	<b>248</b>	<b>85%</b>	<b>1,187</b>	<b>\$39.52</b>	<b>\$3,911</b>	<b>\$11,638,800</b>

<b>Affordable Unit Type</b>	<b>Count</b>	<b>% Count</b>	<b>Average NSF</b>	<b>RPSF</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>
1BR / 1BA	8	3%	794	\$16.59	\$1,088	\$105,360
2BR / 2BA	25	9%	1,044	\$17.63	\$1,933	\$460,032
3BR / 2BA	11	4%	1,272	\$17.69	\$1,875	\$247,548
<b>Total/Average</b>	<b>44</b>	<b>15%</b>	<b>1,056</b>	<b>\$17.50</b>	<b>\$1,540</b>	<b>\$612,940</b>
<b>Total Units</b>	<b>292</b>	<b>100%</b>	<b>1,168</b>	<b>\$36.20</b>	<b>\$3,554</b>	<b>\$12,451,740</b>

<b>Income</b>		<b>Per NSF</b>	<b>Per Unit</b>	<b>Annual</b>
Gross Resl Inc		\$43.99	\$52,237	\$12,954,790
Other Income	0.79% of Gross Resl	\$0.35	\$414	\$102,554
Utility Reimb	0.64% of Gross Resl	\$0.28	\$332	\$82,353
Amenity Fee	1.75% of Gross Resl	\$0.69	\$822	\$203,760
Parking	\$125 per Month	\$1.80	\$2,140	\$530,625
Retail	\$0.00 PSF	0 SF		\$0
<b>Gross Pot'l Rent</b>		<b>\$47.11</b>	<b>\$47,514</b>	<b>\$13,874,082</b>
Vac/Credit Loss/Loss to Lease	(4.6%)	(\$2.15)	(\$2,171)	(\$633,906)
<b>Effective Gross Inc</b>		<b>\$44.96</b>	<b>\$45,343</b>	<b>\$13,240,176</b>

<b>Expenses</b>		<b>Per NSF</b>	<b>Per Unit</b>	<b>Annual</b>
R&M		\$1.16	\$1,350	\$394,215
Turnover		\$0.27	\$319	\$93,177
Grounds & Landscaping		\$0.43	\$500	\$146,068
Utilities		\$1.22	\$1,426	\$416,280
Insurance		\$0.68	\$796	\$232,337
Personnel		\$2.50	\$2,915	\$851,141
Marketing		\$0.34	\$402	\$117,450
Professional Fees		\$0.15	\$172	\$50,300
Administrative		\$0.35	\$407	\$118,973
Other Operational Costs		\$0.08	\$97	\$28,353
Bad Debt	0.40% of EGI	\$0.16	\$181	\$52,961
RE Taxes	7.50% of EGI PILOT	\$2.91	\$3,401	\$993,013
Management Fee	3.00% of EGI	\$1.17	\$1,360	\$397,205
<b>Total Operating Expenses</b>		<b>\$11.41</b>	<b>\$13,327</b>	<b>\$3,891,473</b>
Capital Reserves		\$0.18	\$212	\$62,000
<b>Net Operating Income</b>			<b>\$31,804</b>	<b>\$9,286,704</b>

<b>Development Budget</b>	<b>Per GSF</b>	<b>Per NSF</b>	<b>Per Unit</b>	<b>Total</b>
Land Cost			\$54,795	\$16,000,000
Hard Costs/General Conditions	\$196.69	\$245.70	\$286,877	\$83,767,966
Environmental/Ground Improvements	\$4.73	\$5.90	\$6,891	\$2,012,300
Site Costs	\$24.80	\$30.97	\$36,165	\$10,560,140
Soft Costs	\$61.93	\$77.35	\$90,320	\$26,373,446
Contingency	7.00%	\$20.17	\$29,418	\$8,589,970
<b>Total Development Costs</b>	<b>\$345.88</b>	<b>\$432.05</b>	<b>\$504,465</b>	<b>\$147,303,822</b>

# Major

October 22<sup>nd</sup>, 2025

Borough of Highlands  
151 Navesink Avenue  
Highlands, NJ 07732  
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Should you have any additional questions or concerns, please feel free to contact our office at (646) 904-8885.

Regards,



Marc Kushner, AIA  
Principal  
marc@itsmajor.com  
NJ Registered Architect - 21A102040800

**Major Architecture PA**  
485 Marin Blvd., 2nd Floor  
Jersey City, NJ 07302  
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5486.0003  
October 21, 2025

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Sincerely,

Christopher P. Rosati  
Professional Engineer  
NJ License No. 41981

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Exhibit 13

PROJECT PRO FORMA

*Attached hereto.*

**HIGHLANDS BOROUGH SHADOW LAWN REDEVELOPMENT: 6 LAUREL DRIVE, HIGHLANDS N.**

**PILOT Proposal**

**Assumptions**

Starting PILOT Rate 7.50%  
 EGI Growth Rate 2.00%

**Abatement Schedule**

Year	Projected Property Revenue	PILOT % of Revenue	Projected PILOT Payments
1	\$13,240,176	7.5%	\$993,013
2	\$13,504,980	7.5%	\$1,012,873
3	\$13,775,079	7.5%	\$1,033,131
4	\$14,050,581	7.5%	\$1,053,794
5	\$14,331,592	7.5%	\$1,074,869
6	\$14,618,224	8.0%	\$1,169,458
7	\$14,910,589	8.0%	\$1,192,847
8	\$15,208,801	8.0%	\$1,216,704
9	\$15,512,977	8.0%	\$1,241,038
10	\$15,823,236	8.0%	\$1,265,859
11	\$16,139,701	8.5%	\$1,371,875
12	\$16,462,495	8.5%	\$1,399,312
13	\$16,791,745	8.5%	\$1,427,298
14	\$17,127,580	8.5%	\$1,455,844
15	\$17,470,131	8.5%	\$1,484,961
16	\$17,819,534	10.0%	\$1,781,953
17	\$18,175,925	10.0%	\$1,817,592
18	\$18,539,443	10.0%	\$1,853,944
19	\$18,910,232	10.0%	\$1,891,023
20	\$19,288,437	10.0%	\$1,928,844
21	\$19,674,205	11.5%	\$2,262,534
22	\$20,067,689	11.5%	\$2,307,784
23	\$20,469,043	11.5%	\$2,353,940
24	\$20,878,424	11.5%	\$2,401,019
25	\$21,295,993	11.5%	\$2,449,039
26	\$21,721,912	13.0%	\$2,823,849
27	\$22,156,351	13.0%	\$2,880,325
28	\$22,599,478	14.0%	\$3,163,927
29	\$23,051,467	14.0%	\$3,227,205
30	\$23,512,497	14.0%	\$3,291,750
<b>Total</b>			<b>\$54,827,606</b>

Exhibit 14

PROJECT FINANCING PLAN

Attach a detailed explanation of the expected method by which the project will be financed, indicating the amount of equity to be contributed and its source, all public loans and/or grants that are to be used and all private sources of capital.

*See attached.*

**HIGHLANDS BOROUGH SHADOW LAWN REDEVELOPMENT: 6 LAUREL DRIVE, HIGHLANDS NJ**

---

**Sources & Uses**

**Total Uses**                    **\$147,303,822**

**Sources**

Debt            65%        \$95,747,484

RAB                                \$500,000

Equity                              \$51,056,338

**Total Sources**                **\$147,303,822**

Exhibit 15

PRIVATE FINANCING COMMITMENTS

Attach certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project.

*The Application will be supplemented with copies of the financing commitments upon receipt.*

Exhibit 16

EXPLANATION OF NEED FOR TAX EXEMPTION

Attach an explanation of why the applicant believes that a long term tax exemption is necessary to make this Project economically feasible. Include specific figures where possible to explain any financing gaps.

*The long term tax exemption will enhance the economic viability of and opportunity for a successful Project.*

Exhibit 17

PROJECT SCHEDULE

Attach a detailed schedule of the key milestone dates in the approval, construction and leasing or sale of the project.

<b>1.</b>	<b>The Borough and the Redeveloper Execute and Deliver the Redevelopment Agreement</b>	<b>Effective Date</b>
<b>2.</b>	<b>Redeveloper submits and diligently pursues all applications for Governmental Approvals for the Project</b>	<b>Within 18 months after the Effective Date</b>
<b>3.</b>	<b>Redeveloper closes on financing</b>	<b>Within 6 months after Redeveloper obtains all Governmental Approvals for the Project</b>
<b>4</b>	<b>Commencement of Construction</b>	<b>Within 12 months after Redeveloper obtains all Governmental Approvals for the Project</b>
<b>5</b>	<b>Completion of Construction</b>	<b>Within 36 months after the Commencement of Construction</b>

Exhibit 18

SUMMARY OF PROJECT BENEFITS

Attach a summary of all the public benefits associated with this project, including, at a minimum, the number and type of construction jobs anticipated, the number and type of permanent jobs to be created and the amount of municipal revenue to be generated by the project through the payment of taxes, payments in lieu of taxes, water and sewer fees and any other municipal payments.

*The Project will create approximately 300 construction jobs and 10 permanent jobs, and provide affordable housing as well as market-rate housing.*

Exhibit 19

FORM OF FINANCIAL AGREEMENT

The appropriate form of Financial Agreement should be attached to this application.

EXHIBIT 4

Bond Resolution

**2**

March 2026

Prepared by Heyer, Gruel &amp; Associates

**This report details the substantive revisions which amend the Fourth Round Housing Element and Fair Share Plan (HEFSP) for the Borough of Highlands, dated May 2025 and adopted by the Land Use Board on June 12, 2025. All page numbers listed correspond to the adopted HEFSP document.**

- Added additional pieces of documentation to Appendix G for the Shadowlawn Redevelopment Area: the fully executed Redevelopment Agreement and Financial Agreements for the site, dated November 7, 2025, and February 3, 2026, respectively.
- Amended the narrative for the Ptak Towers site (pages 36-37).
  - Clarified the proposed affordable units as 94, and not 95 age-restricted units
  - The following sentences were added to the description of this site:
    - “The development was first occupied on April 30, 1986, and includes 94 age-restricted rental units, plus one (1) additional unit for a live-in maintenance employee. Of the 94 age-restricted units, 78 are very-low-income units, 14 are low-income units, and one (1) is a moderate-income unit. Of these 94 units, five (5) units are applied toward the Borough’s Prior Round obligation, since not more than 25% of the need may be met through age-restricted units.”
- Amended the “approvable” criteria narrative for the Shadowlawn Redevelopment Plan Area to include the dates when resolutions were approved to authorize the site’s redevelopment and financial agreements (page 39).
- Amended the narrative for the Borough’s existing Mandatory Set-Aside Ordinance to read: “All affordable units developed through the MSO are subject to UHAC regulations, as amended. The Borough has updated its Affordable Housing Ordinance based on the most recent UHAC regulations and the new Fourth Round Rules (N.J.A.C. 5:99), effective as of December 15, 2025, which require all new multi-family residential developments of five (5) units or more to provide a 20% set aside for both for-sale and rental developments. This amended Ordinance is anticipated to be adopted by March 15, 2026” (page 39).
- Amended the narrative for the Borough’s Development Fee Ordinance to read: “The Borough has updated its Affordable Housing Ordinance based on the most recent UHAC regulations and the new Fourth Round Rules (N.J.A.C. 5:99), effective as of December 15, 2025. This amended Ordinance is anticipated to be adopted by March 15, 2026” (page 40).
- The “Third Round Unmet Need” summary chart on page 40 has been revised to eliminate bonus credits from the Third Round Unmet Need.

March 2026

Prepared by Heyer, Gruel & Associates

<b>Third Round Unmet Need</b>	
Ptak Towers	15 units
Shadowlawn Redevelopment Plan	44 units
Mandatory Set-Aside Ordinance	TBD

- Amended the requirement for the affordable unit set aside required in the Amended Central Business District (CBD) Redevelopment Plan Area, based on the recently adopted N.J.A.C. 5:99 and UHAC regulations, to read: “The Redevelopment Plan requires that: the mandatory set-aside requirements, outlined in Section 26-2 of the Borough of Highlands Affordable Housing Ordinance, as amended, to be in effect throughout the entire CBD Redevelopment Area for any multifamily residential development of five (5) dwelling units or more, including the residential portion of a mixed-use project” (page 42).
- Amended the “approvable” criteria narrative for the CBD Redevelopment Plan Area to clarify a 20% affordable set-aside requirement for both for-sale and rental units (page 42).
- Amended the discussion of additional affordable housing resolutions, based the recently adopted N.J.A.C. 5:99 and UHAC regulations to read: “The Borough prepared updates to several affordable housing-related resolutions and ordinances including its Affordable Ordinance (Chapter 26 of the Borough Code), Affirmative Marketing Plan, Development Fee Ordinance, and Mandatory Set-Aside Ordinance to comply with the Fair Housing Act and UHAC, as most recently amended, which are anticipated to be adopted by March 15, 2026. Additionally, the Borough will adopt resolutions appointing its Administrative Agent and Municipal Housing Liaison for 2026 by March 15, 2026” (pages 42-43).
- Added a new subsection to the “Addressing the Fourth Round Unmet Need” section, entitled “Addressing Additional Fourth Round Requirements,” and including the following new text and charts (pages 43 onward):
  - As outlined in the “Current Standards” section of this Plan, the Borough must comply with the established minimum requirements for rental units, units for families with children, the low-income requirement, and the very-low-income requirement. Further, the age-restricted housing cap must not be exceeded. These standards are outlined below.

*Age-Restricted Housing*

- A municipality may not satisfy more than 30% of the affordable units, exclusive of bonus credits, to address its prospective need affordable housing obligation through the

March 2026

Prepared by Heyer, Gruel & Associates

creation of age-restricted housing. A maximum of 9 age-restricted units (i.e., 30% of 30) can be credited.

<b>Fourth Round Unmet Need: Age-Restricted Housing</b>	
<i>Existing Units:</i>	
Ptak Towers	9 units
<b>Total Units</b>	<b>9</b>

- *Families with Children*
  - A minimum of 50% of a municipality’s actual affordable housing units, exclusive of bonus credits, must be made available to families with children. A minimum of 11 family units (i.e., 50% of 21) must be created.

<b>Fourth Round Unmet Need: Families with Children</b>	
<i>Proposed Units:</i> TBD	TBD
<b>Total Units</b>	<b>TBD</b>

- *Rental Units*
  - A minimum of 25% of a municipality’s actual affordable housing units, exclusive of bonus credits, shall be satisfied through rental units. Further, at least half of that number must be available to families with children.

<b>Fourth Round Unmet Need: Rental Requirement</b>		
Rental Units	<i>Existing Units:</i> Ptak Towers	9 units
Family Rental Units	<i>Proposed Units:</i> TBD	TBD
<b>Total Rental Units</b>		<b>TBD</b>
• <i>Total Family Rental Units</i>		TBD

- *Low-Income Requirement*
  - At least 50% of the housing units made available for occupancy shall be reserved for low-income households earning 50% or less of the median income pursuant to the Fair Share Housing Act, N.J.S.A. 52:27D-301, et seq.

March 2026

Prepared by Heyer, Gruel & Associates

<b>Fourth Round Unmet Need: Low-Income Requirement</b>		
Low-Income Units	<i>Existing Units:</i> Ptak Towers	9 units
	<i>Proposed Units: TBD</i>	TBD
<b>Total Low-Income Units</b>		<b>TBD</b>

- *Very-Low Income Requirement*
  - At least 13% of the housing units made available for occupancy by low-income and moderate-income houses shall be reserved for very-low-income households earning 30% or less of the median income pursuant to the Fair Share Housing Act, N.J.S.A. 52:27D-301, et seq.

<b>Fourth Round Unmet Need: Very-Low-Income Requirement</b>		
Very-Low-Income Units	<i>Existing Units:</i> Ptak Towers	9 units
Very-Low-Income Family Units	<i>Proposed Units: TBD</i>	TBD
<b>Total Very-Low-Income Units</b>		<b>TBD</b>
• <i>Total Very-Low-Income Family Units</i>		TBD

- Revised the narrative in the “Consistency with State Planning Requirements” section to reflect the adoption of the new State Development and Redevelopment Plan on December 17, 2025, reading: “New Jersey adopted the latest SDPR on December 17, 2025. Mapping revisions will be completed later in 2026, which will determine the land designations assigned to the Borough of Highlands. Objectives for Metropolitan Planning Areas (PA1), the primary land designations assigned to the Borough in the previously adopted 2001 State Plan are outlined below...” (page 43).
- The “Fourth Round Summary” chart on page 43 and “Summary of Fair Share Compliance” chart on page 45 were both revised to eliminate bonus credits from the Fourth Round Unmet Need.

March 2026

Prepared by Heyer, Gruel &amp; Associates

<b>Fourth Round Obligation</b>	
RDP	0
Unmet Need	30
Ptak Towers	9 units
CBD Redevelopment Area	TBD
Mandatory Set-Aside Ordinance	TBD
Development Fee Ordinance	TBD

**SUMMARY OF FAIR SHARE COMPLIANCE**

<b><i>Present Need Total</i></b>	<b>0</b>
<b>Prior Round Obligation (1987-1999)</b>	<b>20</b>
Ptak Towers	5
Rental Bonus Credits	5
Monmouth Highlands Apartments	10
<i>Prior Round Total</i>	20
<b>Third Round Obligation - RDP</b>	<b>10</b>
Ptak Towers	2
Rental Bonus Credits	2
Monmouth Highlands Apartments	6
<i>Third Round Obligation - RDP</i>	10
<b>Third Round Obligation – Unmet Need</b>	<b>62</b>
Ptak Towers	15
Shadowlawn Redevelopment Plan	44
Mandatory Set-Aside Ordinance	TBD
<b>Fourth Round Obligation - RDP</b>	<b>0</b>
<b>Fourth Round Obligation – Unmet Need</b>	<b>30</b>
Ptak Towers	9
CBD Redevelopment Area	TBD
Development Fee Ordinance	TBD
Mandatory Set-Aside Ordinance	TBD

**3**



BOROUGH OF HIGHLANDS  
COUNTY OF MONMOUTH

## **RESOLUTION 26-085**

### **SEEKING APPROVAL OF AN UPDATED SPENDING PLAN**

**WHEREAS**, the Borough of Highlands (hereinafter “Borough” or “Highlands”) adopted a Development Fee Ordinance, which established standards for the imposition and collection of development fees; and

**WHEREAS**, in addition, the New Jersey Legislature adopted the Statewide Nonresidential Development Fee Act (SNDFA) authorizing and directing municipalities to impose a fee on nonresidential development, subject to specified exceptions; and

**WHEREAS**, the Borough imposed and collected fees in accordance with its Development Fee Ordinance and the SNDFA; and

**WHEREAS**, the Borough deposited fees collected in an affordable housing trust fund; and

**WHEREAS**, the Borough adopted a Spending Plan to show how the Borough planned to spend the trust fund money in accordance with applicable laws in June of 2025.

**WHEREAS**, in December of 2025, several months after the Land Use Board adopted the HEFSP in June of 2025, the New Jersey Department of Community Affairs (“DCA”) provided regulations governing how affordable housing fees may be spent; and

**WHEREAS**, the Borough wishes to demonstrate its commitment to spending trust fund monies in accordance with current laws; and

**WHEREAS**, accordingly, to comply with the new DCA regulations that only became available in December of 2025, the Borough’s affordable housing planner has updated the Spending Plan; and

**WHEREAS**, the Updated Spending Plan dated March 2026 is attached hereto; and

**WHEREAS**, the Borough has reviewed the Updated Spending Plan and finds that it is in the best interest of the Borough to adopt it and seek approval of same in conjunction with efforts to secure approval of its HEFSP as amended.

**NOW, THEREFORE, BE IT RESOLVED** by the Borough Council of the Borough of Highlands, County of Monmouth, State of New Jersey, as follows:

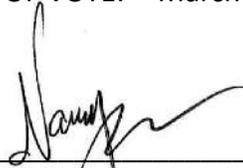
1. The Borough Council of the Borough of Highlands hereby adopts the Updated Spending Plan attached hereto.
2. The Borough Council hereby directs its professionals to seek approval of the Updated Spending Plan in conjunction with their efforts to secure approval of the Borough’s HEFSP as amended.
3. The Borough Council authorizes its professionals to provide such clarifications or supplemental documents as they deem fit in their efforts to secure approval of the Updated Spending Plan.
4. This Resolution shall take effect immediately upon adoption, according to law.

Motion to Approve R 26-085:

	INTRODUCED	SECOND	AYE	NAY	ABSTAIN	ABSENT
CERVANTES						X
CHELAK			X			
MELNYK			X			
OLSZEWSKI		X	X			
BROULLON	X		X			

This is a Certified True copy of the Original Resolution on file in the Municipal Clerk’s Office.

DATE OF VOTE: March 12, 2026

  
 \_\_\_\_\_  
 Nancy Tran, Municipal Clerk  
 Borough of Highlands

# **Borough of Highlands Affordable Housing Trust Fund Fourth Round Spending Plan**

Adopted by the Borough Council on June 12, 2025

Amended on March 4, 2026, and adopted by the Borough Council on March 12, 2026

Borough of Highlands  
Monmouth County, New Jersey

Prepared By:



**Heyer, Gruel & Associates**  
Community Planning Consultants  
236 Broad Street, Red Bank, NJ 07701  
(732) 741-2900

The original of this report was signed and  
sealed in accordance with N.J.S.A. 45:14A-12

A handwritten signature in black ink, appearing to read 'Susan S. Gruel', is written over a horizontal line.

Susan S. Gruel, P.P. #1955

*With contributing content by Megan Adam, AICP Candidate*

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**INTRODUCTION**

On October 16, 2019, the Borough of Highlands adopted its first development fee ordinance (Ordinance No. O-19-17), which established the Borough's Affordable Housing Trust Fund. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, barrier free escrow funds, rental income from Borough-owned affordable housing units, repayments from affordable housing program loans, and any other funds collected by the municipality in connection with its affordable housing program are deposited into this separate Affordable Housing Trust Fund for the purposes of affordable housing. Since adopting its development fee ordinance, the Borough has actively been collecting and utilizing monies from its Affordable Housing Trust Fund in accordance with applicable rules and regulations.

Most recently, the Borough prepared an updated Affordable Housing ordinance which incorporates the development fee provisions It is anticipated to be adopted by March 15, 2026 This amended ordinance establishes standards for the collection, maintenance, and expenditure of development fees consistent with the Fair Housing Act (P.L.2024, c.2), N.J.A.C. 5:99, and N.J.S.A. 52:27D-329 as most recently amended.

As of January 23, 2026, the Borough had collected a total of \$100,263.00 in development fees, interest, and other income over the lifetime of its trust fund. The Borough has spent a total of \$0 during that time, leaving a balance of \$100,263.00. These funds shall be spent in accordance with N.J.A.C. 5:99 and other applicable regulations, as described in the sections that follow.

**1. REVENUES FOR CERTIFICATION PERIOD****METHODOLOGY**

To calculate a projection of revenue anticipated during the period of the Fourth Round, the Borough of Highlands considered the following:

***(a) Projected Development Fees***

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the Land Use Board for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

***(c) Projected Interest***

1. Interest on the projected revenue in the municipal Affordable Housing Trust Fund at the current average interest rate. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

**PROJECTED REVENUES CHART**

To calculate the projection of revenue anticipated from the general development fees, previous transactions within the Affordable Housing Trust Fund dating back to 2015 were reviewed. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. Projected revenues through 2035 are outlined in Table 1 below.

<b>TABLE 1: PROJECTED REVENUES</b>				
<b>Year</b>	<b>Source of Funds</b>			
	<b>Historical Balance (as of 1/23/2026)</b>	<b>Projected Development Fees</b>	<b>(Projected Interest</b>	<b>Total</b>
Current Balance	\$100,263.00	--	--	\$100,263.00
2026	--	\$58,000.00	\$261.00	\$58,261.00
2027	--	\$58,000.00	\$261.00	\$58,261.00
2028	--	\$58,000.00	\$261.00	\$58,261.00
2029	--	\$58,000.00	\$261.00	\$58,261.00
2030	--	\$58,000.00	\$261.00	\$58,261.00
2031	--	\$58,000.00	\$261.00	\$58,261.00
2032	--	\$58,000.00	\$261.00	\$58,261.00
2033	--	\$58,000.00	\$261.00	\$58,261.00
2034	--	\$58,000.00	\$261.00	\$58,261.00
2035	--	\$29,000.00	\$130.50	\$29,130.50
<b>TOTAL</b>	<b>\$100,263.00</b>	<b>\$551,000.00</b>	<b>\$2,479.50</b>	<b>\$653,742.50</b>

The Borough projects that a total of \$551,000.00 in development fees and other revenue will be collected between March 15, 2026, and June 30, 2035. An additional \$2,479.50 in interest is projected to be earned. In conjunction with the existing Affordable Housing Trust Fund balance of \$100,263.00, the Borough projects total Affordable Housing Trust Fund revenues and interest of \$653,742.50 through June 30, 2035.

**2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS**

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by the Borough of Highlands:

**COLLECTION OF DEVELOPMENT REE REVENUES**

Collection of development fee revenues shall be consistent with the Borough’s Affordable Housing Ordinance for both residential and non-residential developments and in accordance with the Statewide Nonresidential Development Fee Act, N.J.S.A. 40:55D8.1 through 8.7 (“SNDF”).

**DISTRIBUTION OF DEVELOPMENT FEE REVENUES**

The Municipal Housing Liaison will manage the projects outlined in this Spending Plan and the Housing Element and Fair Share Plan and will coordinate with the Borough’s CFO/Deputy CFO for the distribution of the funds.

**COLLECTION AND DISTRIBUTION OF BARRIER FREE FUNDS**

N.J.A.C. 5:99-2.6 establishes that an Affordable Housing Trust Fund may include fees collected to adapt affordable unit entrances to be accessible in accordance with the Fair Housing Act (P.L.2024, c.2) and the

Barrier Free Subcode (N.J.A.C. 5:23-7). Municipalities choosing to collect funds for this purpose must ensure that the funds remain identifiable from other funds. Collection and distribution of barrier free funds, as applicable, shall be consistent in accordance with the appropriate regulations.

### **3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS**

#### **METHODOLOGY**

The following represent the anticipated affordable housing projects within the Borough of Highlands that will utilize Trust Fund monies.

#### ***(a) Affordability Assistance (N.J.A.C. 5:99-2.5)***

As per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:99-2.5, municipalities are required to dedicate a portion of all development fees collected and interest earned to provide affordability assistance to very-low-, low-, and moderate-income households in affordable units included in the municipality's Fair Share Plan pursuant to N.J.S.A. 52:27D-329.1.

N.J.S.A. 52:27D-329.2 specifies that affordability assistance programs may include down payment assistance, security deposit assistance, low-interest loans, common maintenance expenses for units located in condominiums, rental assistance, and any other program authorized by the department. Further, N.J.A.C. 5:99-2.5 stipulates that affordability assistance offered specifically to very-low-income households may include the following:

1. Offering a subsidy to developers of inclusionary or 100% affordable housing developments; or
2. Buying down the cost of low- or moderate-income units in a municipal fair share plan to make them affordable to very-low-income households, including special needs and supportive housing opportunities.

To project the funding amount that is dedicated to affordability assistance, all actual expenditures spent on new construction activities as well as any rehabilitation activities from the inception of the fund are subtracted from the sum of the actual and projected development fees and interest throughout the lifetime of the Trust Fund. From the actual affordability assistance expenditures from the inception of the fund is then subtracted the dollar amount for the 20% administrative cap. This final outcome is the total remaining funds that will be dedicated to affordability assistance for the period moving forward.

Highlands Borough has collected \$100,263.00 in development fees and interest through January 23, 2026. The Borough projects an additional \$551,000.00 in development fees and \$2,479.50 in interest through 2035. To date, the Borough has expended \$0 from the Affordable Housing Trust Fund for affordability assistance.

<b>TABLE 2: AFFORDABILITY ASSISTANCE</b>		
Actual development fees and interest earned through January 23, 2026		\$100,263.00
Projected Development fees 2026-2035	+	\$551,000.00
Projected Trust Fund Interest 2026-2035	+	\$2,479.50
Less Housing Activity through January 23, 2026 (including new construction and rehabilitation)	-	\$0.00
<b>Total</b>	=	\$653,742.50
Less Affordability Assistance Expenditures through January 23, 2026	-	\$0.00
Projected Allowed Administrative Expenditures	-	\$130,748.50
<b>Projected Affordability Assistance through 06/30/2035</b>	=	\$522,994.00

The Township will reserve \$522,994.00 from the Affordable Housing Trust Fund to render units more affordable for very-low, low-, and moderate-income households. These funds will be utilized for the affordability assistance purposes as enumerated in the Borough's Affordability Assistance Program, as most recently amended (Appendix A).

- For-sale units in the form of down-payment assistance, homeowner assistance loans for Condominium or Homeowner Association fees, and homeowner assistance loans for mortgage payments up to two months or less in arrears to forestall foreclosure (Appendix A).
- For-rent units in the form of security deposit assistance and rental assistance, which are enhanced for very low-income households (Appendix A).

**(b) Administrative Expenses (N.J.A.C. 5:99-2.4)**

N.J.A.C. 5:99-2.4 sets forth that no more than 20% of revenues collected from development fees, exclusive of those collected prior to July 17, 2008 to fund an RCA, shall be expended on administration. These funds may apply to costs including, but not limited to:

1. Those reasonably related to the determination of the fair share obligation or development of a municipal Housing Element/Fair Share Plan;
2. Fees necessary to develop or implement affordable housing programs or an affirmative marketing program;
3. Expenses reasonably necessary for compliance with the processes of the Program;
4. Costs associated with functions carried out in compliance with UHAC, including those related to the marketing program and waitlist management, administering the placement of occupants in housing units, income qualification of households, monitoring the turnover of sale and rental units,

preserving existing affordable housing, and compliance with the Division’s monitoring requirements; and

5. The proportion of a municipal employee’s salary related to the Municipal Housing Liaison or Regional Contribution Agreement administrator functions and fees for required educational programs.

The calculation of allowable administrative expenses is performed by considering the lifetime of the Trust Fund. To project the funding amount that will be available for administrative costs, the sum of all development fees actually collected and all interest earned since the inception of the account is added to the sum of all projected development fees and interest projected to be collected throughout the Fourth Round. From this amount, any Regional Contribution Agreement (RCA) expenditures made or contractually obligated from the inception of the account are subtracted. This final amount is multiplied by 20% and then any actual administrative expenditures made since the inception of the Trust Fund are subtracted out. The final outcome of this calculation, as depicted in the following table, equates to the total remaining funds that will be available for administrative expenses through the end of the Fourth Round.

The Borough collected \$100,263.00 in development fees and interest through January 23, 2026. The Borough projects an additional \$551,000.00 in development fees and \$2,479.50 in interest through 2035. The Borough has never taken part in an RCA. Highlands Borough has spent \$0.00 on administrative expenses between the inception of the Trust Fund and January 23, 2026.

<b>TABLE 3: ADMINISTRATIVE EXPENSES</b>		
Actual development fees collected and interest earned through January 23, 2026		\$100,263.00
Projected Development fees 2026-2035	+	\$551,000.00
Projected Trust Fund Interest 2026-2035	+	\$2,479.50
RCA Contributions	-	\$0
<b>Total</b>	<b>=</b>	<b>\$653,742.50</b>
20% Maximum Permitted on Administrative Expenses through 6/30/2035	x 0.20 =	<b>\$130,748.50</b>
Less Administrative Expenditures through January 23, 2026	-	\$0.00
Projected Allowed Administrative Expenditures	<b>=</b>	<b>\$130,748.50</b>

As of January 23, 2026, the Borough has spent \$0.00 on administrative expenses. Therefore, moving forward the Borough projects that a maximum of \$130,748.50 is available from the Affordable Housing Trust Fund for administrative expenses for the Fourth Round. Because the actual administrative expense maximum is calculated on an ongoing basis based on actual revenues, the Borough shall be permitted to spend 20% of the actual balance of the Affordable Housing Trust Fund at any given time on administrative fees. As additional income is collected, money becomes available for administrative expenses. Projected administrative expenditures, subject to the 20% cap, include but are not limited to:

- Administration and expenses associated with the Borough’s affordable housing units;
- Expenses associated with the preparation and implementation of the Housing Element and Fair Share Plan and monitoring of the current and future housing programs for the Borough of Highlands;
- Affirmative marketing; and
- Rehabilitation program

**EXPENDITURE SCHEDULE**

<b>TABLE 4: PROJECTED EXPENDITURE SCHEDULE THROUGH 2035</b>			
<b>Year</b>	<b>Program</b>		
	<b>(a) Affordability Assistance</b>	<b>(b) Administration</b>	<b>Total</b>
2026	\$29,055.22	\$7,263.81	\$36,319.03
2027	\$58,110.44	\$14,527.61	\$72,638.06
2028	\$58,110.44	\$14,527.61	\$72,638.06
2029	\$58,110.44	\$14,527.61	\$72,638.06
2030	\$58,110.44	\$14,527.61	\$72,638.06
2031	\$58,110.44	\$14,527.61	\$72,638.06
2032	\$58,110.44	\$14,527.61	\$72,638.06
2033	\$58,110.44	\$14,527.61	\$72,638.06
2034	\$58,110.44	\$14,527.61	\$72,638.06
2035	\$29,055.22	\$7,263.81	\$36,319.03
<b>TOTAL</b>	<b>\$522,994.00</b>	<b>\$130,748.50</b>	<b>\$653,742.50</b>

**4. EXCESS OF FUNDS**

In the event that more funds than anticipated are collected or projected funds exceed the amount necessary to implement the Borough’s affordable housing projects, these excess funds will be used to fund eligible affordable housing activity pursuant to applicable rules and regulations.

**5. SUMMARY**

As of January 23, 2026, the Borough's Trust Fund had a balance of \$100,263.00. Highlands Borough anticipates an additional \$553,479.50 in revenues and interest by June 30, 2025, resulting in a projected balance of \$653,742.50 for the Fourth Round. The Borough will commit \$130,748.50 for administrative expenses, and the remaining \$522,994.00 for affordability assistance efforts.

<b>TABLE 5: SPENDING PLAN SUMMARY</b>	
Balance as of January 23, 2026	\$100,263.00
<b>PROJECTED REVENUE THROUGH JUN 30, 2025</b>	
Development fees	+ \$551,000.00
Other funds	+ \$0.00
Interest	+ \$2,479.50
<b>TOTAL REVENUE + CURRENT BALANCE</b>	<b>= \$653,742.50</b>
<b>EXPENDITURES</b>	
Affordability Assistance	- \$522,994.00
Administrative Expenses	- \$130,748.50
Excess Funds for Additional Housing Activity	= \$0.00
<b>TOTAL PROJECTED EXPENDITURES</b>	<b>= \$653,742.50</b>
<b>REMAINING BALANCE</b>	<b>= \$0.00</b>

## **Appendix A**

# **Highlands Borough Affordability Assistance Program**

**BOROUGH OF HIGHLANDS****FOR-SALE UNIT AFFORDABILITY ASSISTANCE PROGRAM****AND RENTAL UNIT AFFORDABILITY ASSISTANCE PROGRAM****MARCH 2026*****FOR-SALE UNIT AFFORDABILITY ASSISTANCE PROGRAM*****Down Payment Loan Program**

The Borough will offer a Down Payment Assistance Loan program to qualified purchasers of households earning 80% or less of median income of the housing region. To be eligible for the loan, the qualified Buyer must be able to supply 3% of the down payment with the Buyer's own funds, plus additional closing costs that exceed the amount of the loan. No gifts or other loans may be used to fund the 3% down payment amount but may be used to fund additional closing costs. The loan amount may be made up to ten percent (10%) of the purchase price.

The Borough must approve the Buyer's qualifications and need for the loan. The loan has no prepayment penalty. It is due and payable when the Buyer resells, borrows against the property or refinances the First Purchase Money Mortgage. The loan may be subordinated only to the First Purchase Money Mortgage. When calculating the borrowing capacity of the homeowner and the equity in the property, this loan must be included. The Buyer must sign a mortgage and mortgage note to the Borough.

**Payment of Closing Costs**

Eligible Buyers may receive payment of closing costs, i.e., title work and policy, reasonable attorney's fees for closing of title, preparation of survey, homeowner's insurance, recording fees, and other necessary closing expenses to third parties, not to exceed one thousand five hundred dollars (\$1,500) per unit. This assistance shall be in the form of a grant. Total buyer assistance grants, which include Payment of Closing Costs and Payment of Lender Fees, shall not exceed three thousand dollars (\$3,000) per unit. Utility deposits, i.e., gas and electric, paid to utility companies are to be returned to the Borough Affordable Housing Trust Fund upon resale of the unit. The buyer will execute documents required to secure payment to Highlands.

**Payment of Lender Fees**

Eligible Buyers may receive payment of lender fees, i.e., mortgage points, application fees, appraisal fees, bank attorney review fees, and necessary mortgage closing expenses, not to exceed one thousand five hundred dollars (\$1,500) per unit. This assistance shall be in the form of a grant. Total buyer assistance

grants, which include Payment of Closing Costs and Payment of Lender Fees, shall not exceed three thousand dollars (\$3000) per unit.

### **Administration**

Borough of Highlands' Affordability Assistance Programs will be managed by the Borough Affordable Housing Administrative Agent. The availability of the program shall be advertised continually on the Borough's website. The following administrative process is applied to the For-Sale Unit Affordability Assistance Program:

1. The Buyer contacts the Administrative Agent to confirm that he/she wants to receive Down Payment Assistance.
2. The Buyer must present proof to the Administrative Agent that he/she is qualified for Affordable Housing in the Borough.
3. Buyer must produce an exact copy of a signed Real Estate Contract for an affordable housing unit in Highlands, which indicates clearly the full amount of the purchase price. Buyer must provide the Administrative Agent with the full name, address, phone number, and fax number of the Buyer's Attorney or Settlement Agent so that the Attorney or Settlement Agent can review and approve any and all documents required for the loan.
4. The Administrative Agent contacts the Realtor or Developer for confirmation of the sale of the unit, and the name of the Attorney handling the sale for the Developer at closing.
5. The amount of the Down Payment Assistance loan is verified (not to exceed ten percent of the Purchase Price) so that a Mortgage Note, Mortgage, and Repayment Agreement can be prepared by the Administrative Agent.
6. The amount of the Down Payment Assistance must be disclosed to the Lender, so that the Lender can accurately prepare the First Mortgage documents. The Buyer must give a copy of the First Mortgage Commitment to the Administrative Agent upon receipt of same, so that the Lender can receive full information about the Down Payment Assistance Loan, which shall constitute a Second Mortgage on the premises. The Lender must approve the secondary financing. The Borough Affordable Housing Attorney will contact the Lender once the Affordable Housing Attorney has a copy of the First Mortgage Commitment.
7. The Highlands Finance Department will generate the necessary forms and obtain Borough Council approval for it to issue an Affordable Housing Trust Fund check payable to the Seller's Attorney or Settlement Agent, so that the Down Payment Assistance check can be deposited into the Seller's Attorney Trust Account or Settlement Agent Trust Account

pending Closing of Title. The letter and check to the Seller's Attorney or Settlement Agent shall state that the deposit money must be returned to the Borough if the closing is canceled, or if the sale is declared null and void. If there is a Closing of Title, the Down Payment Assistance money shall be released to the Seller. This money shall be shown on the Closing Statement as a deposit, with credit given at closing to the Buyer. The Buyer must fully execute the Mortgage Note, Mortgage, and Repayment Agreement at the Closing of Title before any money is released.

8. The Seller's Attorney or Settlement Agent shall verify that the Mortgage Note, Mortgage, and Repayment Agreement have been properly executed, and shall file the original Mortgage with the County Clerk to protect the Borough Second Mortgage on the property and return the Filed Mortgage to Affordable Housing Attorney along with the original Mortgage Note and Repayment Agreement.

**RENTAL UNIT AFFORDABILITY ASSISTANCE PROGRAM****Rental Assistance**

The Borough of Highlands may offer a Rental Assistance Program that will be managed by the Administrative Agent. Eligible recipients of the program are renters who qualify for a very-low, low- or moderate-income rental unit. The following assistance is available to very-low, low- and moderate-income households:

1. Payment of "moving expenses" based upon verified receipts, in an amount not to exceed five hundred dollars (\$500) per family.
2. Rent subsidy for the first month's rent.
3. Utility deposit assistance.

The following assistance is available to very low-income households:

1. Payment of "moving expenses" based upon verified receipts, in an amount not to exceed one thousand five hundred dollars (\$1,500) per household.
2. Rental security deposit – Deposits paid to landlord to be returned to the Borough's Affordable Housing Trust Fund upon termination of tenancy.
3. Rent subsidy for the first month's rent.
4. Utility deposit assistance.

Rental assistance does not need to be repaid by the tenant. The amount of the rental supplement will be calculated initially based on the tenant's actual income and the rent level of the affordable units to help bring the total shelter costs down to 30% of the total household income or lower, if warranted by the particular household circumstances. If the tenant wishes to renew the lease, he/she must be re-income qualified and the rental supplement will be recalculated. If the tenant no longer qualifies for the rental assistance, he/she may renew the lease and stay in the unit but will no longer receive rental assistance.

**Administration**

Highlands Borough's Rental Unit Affordability Assistance Programs will be administered by the Administrative Agent. The availability of the program shall be advertised continually on the Borough's website. After an applicant is income qualified by the Administrative Agent pursuant to the Uniform Housing Affordability Controls, the applicant will complete and provide an affordability assistance application to the Administrative Agent.

For qualified and approved payment of moving expense, the Administrative Agent will follow the Borough purchasing and requisition process for generating a check that is made out to the applicant. Once the check is produced, the Administrative Agent provides it to the applicant.

For qualified and approved payment of utility deposit, the Administrative Agent follows the Borough purchasing and requisition process for generating a check that is made out to the utility company. Once the check is produced, the Administrative Agent provides it to the applicant for payment to the utility company.

The affordability assistance recipient will sign a contract with the Borough of Highlands that states, at a minimum: the amount of funds granted, interest information, procedures, duration and conditions of affordability assistance, and repayment information if required.

The availability of any Affordability Assistance Programs must be noticed to all tenants of affordable units within the Borough and provided to all administrative agents of affordable units within Highlands Borough and advertised on the Borough's website.

An income eligible occupant or applicant for an affordable unit within the Borough may not be denied participation in the Affordability Assistance Program(s) unless funding is no longer available.

4



BOROUGH OF HIGHLANDS  
COUNTY OF MONMOUTH

**ORDINANCE O-26-03**

**REPEALING SECTIONS 2 AND 3 OF CHAPTER 26, AND AMENDING CHAPTER 26, SECTION 1 OF THE ZONING ORDINANCE OF THE BOROUGH OF HIGHLANDS TO ADDRESS THE REQUIREMENTS OF THE FAIR HOUSING ACT (FHA) AND THE UNIFORM HOUSING AFFORDABILITY CONTROLS (UHAC) REGARDING COMPLIANCE WITH THE BOROUGH'S AFFORDABLE HOUSING OBLIGATIONS**

**WHEREAS**, on January 16, 2025, the Borough of Highlands (the "Borough" or "Highlands") filed a declaratory judgment action pursuant to N.J.S.A. 52:27D-301 et. seq. (the "Fair Housing Act"); and

**WHEREAS**, on April 1, 2025, the Court entered an order setting the Borough's Present Need of 0 units and a Prospective Need of 30 units, and directing the Borough to file a Housing Element and Fair Share Plan ("HEFSP") by June 30, 2025; and

**WHEREAS**, on June 13, 2025, the Borough filed its HEFSP ("Adopted HEFSP"); and

**WHEREAS**, on August 29 2025, Fair Share Housing Center ("FSHC" or "Objector") filed a letter with the Program, an entity created by the Fair Housing Act; raising questions about the Borough's Plan; and

**WHEREAS**, on or about November 17, 2025, the Borough filed a response to the request for information by FSHC; and

**WHEREAS**, on December 2, 2025, Judge McCarthy entered a Case Management Order fixing various dates for certain actions to be achieved including March 15, 2026 as the date by which all ordinances and resolutions needed to implement the Plan be filed; and

**WHEREAS**, one such ordinance needed to implement the Plan is an Affordable Housing ordinance that must comply with the new regulations of the New Jersey Housing and Mortgage and Finance Agency (HMFA), and

**WHEREAS**, on November 6, 2025, the HMFA adopted new regulations for the Uniform Housing and Affordability Controls (commonly referred to as "UHAC") and those regulations only became available to the public on December 15, 2025; and

**WHEREAS**, a group of experts sought to create a prototype ordinance to implement the new UHAC regulations thereafter and that prototype that was prepared in haste only became available recently; and

**WHEREAS**, Highlands is seeking to tailor the prototype to the Borough in the limited time available to it; and

**WHEREAS**, the within ordinance represents Borough's best efforts to craft an appropriate ordinance responsive to the belated HMFA regulations.

**BE IT ORDAINED** by the Council of the Borough of Highlands, Monmouth County, New Jersey, that Sections 2 and 3 of Chapter 26 of the Code of the Borough of Highlands are repealed, and Section 1 of Chapter 26 is hereby amended and expanded to include provisions addressing Highlands' constitutional obligation to provide for its fair share of very-low, low- and moderate-income housing, as directed by the NJ Supreme Court-upheld COAH regulations at N.J.A.C. 5:93 and 5:97, et seq., as amended and supplemented, N.J.A.C. 5:99, et seq., as amended and supplemented, N.J.A.C. 5:80-26.1, et seq., as amended and supplemented, and the New Jersey Fair Housing Act of 1985. This Ordinance is intended to provide assurances that very-low, low- and moderate-income units ("affordable units") are created with controls on affordability over

time and that very-low, low- and moderate-income households shall occupy those units. This Ordinance shall apply except where inconsistent with applicable law. This Ordinance adds the Borough's affordable housing mandatory set-aside and development fee regulations into Section 1 of Chapter 26, to become §26-1.1 - §26-1.24.

The Borough of Highlands Land Use Board adopted a Fourth Round Housing Element and Fair Share Plan on June 12, 2025, pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1, et seq. The Housing Element and Fair Share Plan was endorsed by the Borough Council on June 18, 2025. This Ordinance implements and incorporates the adopted and endorsed Fourth Round Housing Element and Fair Share Plan and addresses the requirements of N.J.A.C. 5:93-1, et seq., as amended and supplemented, N.J.A.C. 5:99, et seq., as amended and supplemented, N.J.A.C.5:80-26.1, et seq. as amended and supplemented, and the New Jersey Fair Housing Act of 1985.

## **§26-1 AFFORDABLE HOUSING**

### **§26-1.1 Introduction & Applicability**

- A. This section of the Code sets forth regulations regarding the very low-, low- and moderate-income housing units in the Borough of Highlands consistent with the provisions outlined in P.L 2024, Chapter 2, including the amended Fair Housing Act ("FHA") at N.J.S.A. 52:27D-301 et seq., the regulations promulgated pursuant thereto by the New Jersey Department of Community Affairs, Division of Local Planning Services ("LPS") at N.J.A.C. 5:99 et seq., ("Affordable Housing Rules"), and the Housing and Mortgage Finance Agency's (HMFA) Uniform Housing Affordability Controls at N.J.A.C. 5:80-26.1 et seq. (commonly referred to as "UHAC").
- B. This Ordinance is intended to ensure that very low-, low- and moderate-income units ("affordable units") are created with controls on affordability over time and that very low-, low- and moderate-income households shall occupy these units pursuant to statutory requirements. This Ordinance shall apply to all inclusionary developments, individual affordable units, and 100% affordable housing developments except where inconsistent with applicable law. Low-Income Housing Tax Credit financed developments shall adhere to the provisions set forth below in item 5.c. below.
- C. The Borough of Highlands' Land Use Board has adopted a HEFSP pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1, et seq. The Fair Share Plan describes the ways the municipality shall address its fair share of very low-, low- and moderate-income housing as approved by the Superior Court and documented in the Housing Element.
- D. This Ordinance implements and incorporates the relevant provisions of the HEFSP and addresses the requirements of P.L 2024, Chapter 2, the FHA, N.J.A.C. 5:99, NJ Supreme Court upheld COAH regulations at N.J.A.C. 5:93 and 5:97, and UHAC at N.J.A.C. 5:80-26.1, as may be amended and supplemented.
- E. Applicability
  1. The provisions of this Ordinance shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created pursuant to the municipality's most recently adopted HEFSP.
  2. This Ordinance shall apply to all developments that contain very low-, low- and moderate-income housing units included in the Municipal HEFSP, including any unanticipated future developments that will provide very low-, low- and moderate-income housing units.
  3. Projects receiving federal Low Income Housing Tax Credit financing and are proposed for credit shall comply with the low/moderate split and bedroom distribution requirements, maximum initial rents and sales prices requirements, affirmative fair marketing requirements of UHAC at N.J.A.C. 5:80-26.16 and the length of the affordability controls applicable to such projects shall be not less than a 30-year