

AFFORDABLE HOUSING PLAN  
FOR  
THE GRANDE AT COLTS NECK, A CONDOMINIUM

A RESIDENTIAL DEVELOPMENT OF  
SGS COMMUNITIES AT COLTS NECK, L.P.  
and  
SCHOOR COLTS NECK DEVELOPMENT CORP.

DATED: July 28, 1993

REVISED: September 29, 1993

**AFFORDABLE HOUSING PLAN  
FOR  
THE GRANDE AT COLTS NECK, A CONDOMINIUM**

SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. will construct 276 units, including a total of eighty-eight (88) low- and moderate-income condominiums, within the proposed development known as The Grande at Colts Neck, A Condominium. Of the 88 low- and moderate-income condominiums, 22 will be rental units and 66 will be for sale units. In addition, the owners of the Grande at Colts Neck shall pay \$250,000 to the Township of Colts Neck Affordable Housing Fund pursuant to Paragraph 6 of the December 1, 1986 Judgment of Compliance and Repose. The low- and moderate-income units will be distributed throughout the development as described further in this Plan.

The provisions of Section 619.1 of the Colts Neck Development Regulations and the Judgment of Compliance and Repose shall generally control the development, sale, and rental of the Affordable Condominiums unless a provision of this Plan specifically provides otherwise.

1. **DEFINITIONS.** For purposes of this Affordable Housing Plan, the following terms shall be defined as follows:

1.01 **ADMINISTRATOR:** The Office of the Township Administrator of the Township of Colts Neck or similar person or entity created by the Township of Colts Neck and in effect at the time any decision, procedure, or other action is required under the terms of this Plan.

1.02 **AFFORDABLE:**

A. means that the sales prices of the Affordable Condominiums shall be established so that after a downpayment of 10% [or 5% if that amount is

permitted under the Substantive Rules of the New Jersey Council on Affordable Housing ("COAH Rules")) the ownership expenses for monthly principal, interest, property taxes based on the restricted value of the unit, insurance, and condominium fees, shall not exceed 28% of the eligible gross monthly income of the respective Moderate- and Low-Income Households.

B. means that the gross rent, excluding utility charges, shall not exceed 30% of the eligible gross monthly income of the respective Moderate- and Low-Income Households.

In determining expenses in terms of qualifying household size: (i) up to one-half of all two-bedroom units shall be Affordable to two-person households with the balance of the two-bedroom units Affordable to three-person households; and (ii) three-bedroom units shall be Affordable to five-person households. The median income by Household size shall be as set forth in the most recent COAH publication titled "Eligible Income by County" and as determined by reference to the uncapped Section 8 HUD income limits for Monmouth County and calculated pursuant to Section 5:93-7.4(b) of the COAH Rules.

1.03 AFFORDABLE CONDOMINIUM: A condominium at The Grande at Colts Neck, A Condominium which has been designated as a Low- or Moderate-Income Condominium pursuant to this Affordable Housing Plan.

1.04 ASSESSMENTS: Shall mean and refer to levies, charges or assessments both public and private, including those imposed by the Association, as the applicable case may be, upon the condominium units which are part of the Association.

1.05 ASSOCIATION: The Grande at Colts Neck Condominium Association, Inc., its successors, and assigns as same is defined in the Master Deed.

1.06 FAMILY: Shall mean all persons occupying a housing unit as a single non-profit housekeeping unit. Family shall also be synonymous with "Household".

1.07 FIRST PURCHASE MONEY MORTGAGE: Shall mean and refer to the most senior mortgage lien to secure repayment of funds for the purchase of an Affordable Condominium or the holder and assigns of such most senior mortgage holder. Such mortgagee must be an institutional lender or investor, licensed or regulated by a State or Federal government or an agency thereof or by a lender on the secondary mortgage market (including but not limited to FNMA, HLMC, and GNMA).

1.08 FORECLOSURE: Shall mean and refer to a termination of all rights of the mortgagor or the mortgagor's assigns or grantees in an Affordable Condominium covered by a recorded mortgage through legal processes, or through a Deed in Lieu of Foreclosure which has been executed and delivered prior to a judicially-regulated sale. Foreclosure shall not take place before the exhaustion of remedies as set forth in this Plan.

1.09 GROSS AGGREGATE FAMILY INCOME: Gross Aggregate Family Income means the total annual Income from all sources of all members of the Household or Family, as determined and adjusted in accordance with the rules and regulations promulgated by the COAH, or in the absence of COAH rules and regulations, as promulgated by the Administrator.

1.10 IMPROVEMENT: Shall mean and refer to additions within or to an Affordable Condominium, including materials, supplies, appliances, or

fixtures, which become a permanent part of, or affixed to, an Affordable Condominium.

1.11 INCOME: Shall mean and refer to, but is not limited to, wages, salaries, tips, commissions, alimony, regularly scheduled overtime, pensions, social security, unemployment compensation, AFDC, verified regular child support, disability, net income from business or real estate, and income from such assets as savings, CD's, money market, mutual funds, stocks and bonds, and imputed income from non-income producing assets such as real estate. The imputed income rate shall be equal to the current average savings interest rate.

1.12 LOW-INCOME CONDOMINIUM: A Unit which is Affordable to a Low-Income Family.

1.13 LOW-INCOME FAMILY: A Family whose Gross Aggregate Family Income does not exceed the Income limits established by Section 619.1 of the Colts Neck Development Regulations and the Administrator in accordance with the COAH Rules. The Administrator shall, from time to time, determine the Income standards to be applied to any specific Family seeking to purchase a Low-Income Condominium. The Administrator shall qualify prospective purchasers of a Low-Income Condominium as Low-Income Families prior to selling a Low-Income Condominium to the prospective purchaser, except as otherwise provided herein.

1.14 LOW-INCOME PURCHASER: A Low-Income Family purchasing a Low-Income Condominium.

1.15 MARKET CONDOMINIUM: Any condominium in The Grande at Colts Neck, A Condominium which is not designated an Affordable Condominium.

1.16 MASTER DEED: The Master Deed for The Grande at Colts Neck, A Condominium to be recorded in the Office of the Clerk of Monmouth County, and any amendments thereto.

1.17 MODERATE-INCOME CONDOMINIUM: A Unit which is Affordable to a Moderate-Income Family.

1.18 MODERATE-INCOME FAMILY: A Family whose Gross Aggregate Family Income does not exceed the Income limits established by Section 619.1 of the Colts Neck Development Regulations and the Administrator in accordance with the COAH Rules. The Administrator shall, from time to time, determine the Income standards to be applied to any specific Family seeking to purchase a Moderate-Income Condominium. The Administrator shall qualify prospective purchasers of a Moderate-Income Condominium as Moderate-Income Families prior to selling a Moderate-Income Condominium to the prospective purchaser, except as otherwise provided herein.

1.19 MODERATE-INCOME PURCHASER: A Moderate-Income Family purchasing a Moderate-Income Condominium.

1.20 OWNER: The then current title holder of record of an Affordable Condominium. Owner shall refer to and mean the title holder of record as same is reflected in the most recently dated and recorded deed for a particular Affordable Condominium. For purposes of the initial sales of the Affordable Condominiums, Owner shall include SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. Ownership of a Condominium Unit shall be deemed to be acceptance and ratification of this Affordable Housing Plan and all its provisions.

1.21 QUALIFIED PURCHASER: Shall mean and refer to a person who, pursuant to this Plan, (1) submits an Application for Certification as a

Qualified Purchaser to the Administrator; (2) whose Gross Aggregate Family Income at the time of issuance of certification as a Qualified Purchaser of an Affordable Condominium is within Low- or Moderate-Income levels; and (3) obtains Certification from the Administrator pursuant to the rules and regulations of the Township of Colts Neck and the Administrator. Once a Qualified Purchaser becomes an Owner of an Affordable Condominium in accordance with the provisions of this Plan, any increase or decrease in the Gross Aggregate Family Income or size of Household or Family of such Owner shall not affect ownership rights, privileges, or obligations of such Owner. The term "Qualified Purchaser" shall also include a person or family who occupies the Unit on a rental basis, subject to the qualifications and conditions stated above and elsewhere herein. Any person who submits false information in support of an application for certification and who subsequently receives such certification and either title to a Unit as Owner or possession of a Unit as tenant shall be deemed to have violated the provisions of this Plan and any interest in such unit shall be subject to forfeiture pursuant to the provisions of Paragraph 10 of this Plan.

1.22 REGION: "Area" or "Region" for purposes of determining the Income Limits for a particular family size shall be the region designated in the COAH Rules which includes Monmouth County, State of New Jersey.

1.23 UNIT: Shall mean and refer to an Affordable Condominium or a Market Condominium, as the case may be. It shall be synonymous with "Condominium Unit" whether occupied by the Owner or leased to a tenant.

2. PART OF ASSOCIATION. The Affordable Condominiums shall be located within The Grande at Colts Neck, A Condominium and shall be a part of the Association, and shall have access to all common open space

and other community facilities within the development comparable to access by occupants of the Market Units, and shall be subject to the same rules and regulations and entitled to the same rights and privileges as any and all other Units within the Association.

3. FLOOR PLANS AND UNIT DISTRIBUTION. The Grande at Colts Neck will have four (4) categories of Affordable Condominiums: two-bedroom Low-Income Condominium, two-bedroom Moderate-Income Condominium, three-bedroom Low-Income Condominium, and three-bedroom Moderate-Income Condominium. The Affordable Condominiums shall consist of at least 15% three-bedroom and 35% two-bedroom units with the remaining units consisting of such combination of two- and three-bedroom units as necessitated by the requirements of the Qualified Purchasers, provided same are determined at or prior to issuance of the building permit for an Affordable Condominium building. Two-bedroom Units shall be affordable to no more than a three-person Household and three-bedroom Units shall be affordable to no more than a five-person Household. The rental and sales of Affordable Units shall have substantially the same ratio of two- and three-bedroom Units. Affordable Condominium buildings shall have compatible exteriors to the Market Condominium houses.

4. LOCATION AND REQUIREMENTS. SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. shall sell or rent a total of eighty-eight (88) Affordable Condominiums to Low- and Moderate-Income Families in accordance with the provisions of this Affordable Housing Plan; 50% of the sales and rental units shall be Affordable for Low-Income Families and 50% shall be Affordable for Moderate-Income Families. The location of these eighty-eight (88)

Affordable Condominiums is contained in Exhibit A of this Plan.

Pursuant to Section 619.1(G)(a) of the Colts Neck Development Regulations, at least 25%, or 22, of the total Affordable Condominiums shall be rental units. Provided however, that all of the Affordable Condominiums may be for sale Units if the developer proceeds under Section 619.1(G)(b) of the Colts Neck Development Regulations or the Colts Neck Township Committee waives or modifies same.

One half of all Affordable Condominiums shall be priced so as to be eligible for rent or purchase by Low-Income Households earning between a floor of forty percent (40%) and a ceiling of fifty (50%) of the median family income and one half of all Affordable Condominiums shall be priced to be eligible for rent or purchase by Moderate-Income Households earning between a floor of fifty percent (50%) and a ceiling of eighty percent (80%) of the median family income. Such housing units shall be priced to be affordable to Households representing an evenly distributed cross-section of Households within the above-stated income ranges.

Rents may be increased annually based on the percentage increase in median income for the Township's housing region as determined by the Council on Affordable Housing. Every occupant of a Low-Income rental Unit shall, on or before April 15 of each year, file an annual statement of income and expense of occupancy for the Household with the Office of the Township Administrator on a form provided by the Township. In instances where a Household's Income for the previous year increases to an amount such that the Household's Income would qualify for a higher rent under the guidelines for initial occupancy rents established herein, then the present year's rent may be increased based on the new Household Income. Where the rent paid exceeds the allowable rent for Affordable

Units including rent increases as allowed above, the excess shall be divided equally between the Township and the Owner of the unit(s). The revenues received by the Township shall be limited to Affordable Housing Programs consistent with 619.1 of the Township Ordinance and/or Spending Plans approved by COAH under NJAC 5:93.

5. Restrictions on Resale, Maintenance, Duration, Amendment. The Grande at Colts Neck, A Condominium ultimately to be comprised of a total of two hundred and seventy-six (276) residential dwellings, includes eighty-eight (88) residential dwellings known as Affordable Condominiums which are subject to this Affordable Housing Plan (66 for sale and 22 rental units). This Affordable Housing Plan was a condition of approval imposed upon SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. by the Approving Authority of the Township of Colts Neck in connection with the application for development of The Grande at Colts Neck, A Condominium. The Township of Colts Neck imposed this requirement upon SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. in an effort to satisfy the December 1, 1986 Judgment of Compliance and Repose of the Superior Court of New Jersey and to satisfy a portion of the Township's constitutional obligation to make affordable housing available within the Township.

Except as set forth in Section 8 below, all Affordable Condominiums may not be sold or resold, rented or re-rented, for a purchase price or rental amount greater than the original purchase price or rental amount plus an annual increase based on the percentage increase in the regional median income limit for the Region as determined by COAH. Affordable

Condominiums may not be sold, resold, rented, or re-rented other than to a Household qualifying as a Low- or Moderate-Income Family for the number of people and the size unit intended to be occupied and in compliance with all rules, regulations, and requirements duly promulgated by the Township of Colts Neck. However, SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. reserve the right to sell any or all of the rental Units to an entity that is not a Qualified Purchaser but who will own the rental units and will lease and assume all other obligations pertaining to said rental Units that are restricted to Low- and Moderate-Income Household occupancy. It is the intent and purpose that these Affordable Condominiums be and remain Affordable Condominiums which are affordable to Low- and Moderate-Income Families in accordance with the provisions of this Affordable Housing Plan.

In addition to the foregoing restrictions, the sale, resale, rental, and re-rental of Affordable Condominiums shall be subject to the rules and regulations of the Township of Colts Neck and the Administrator. (See also Section 6 below.) The Administrator shall monitor and approve resales and rentals of Affordable Condominiums to assure that purchasers or tenants of same shall be Low- or Moderate-Income purchasers or tenants as defined by the Income criteria in effect at the time of the proposed resale or lease, except as may be exempted under Section 8 below. Subject to the foregoing, the Administrator shall approve any resale or rental of an Affordable Condominium so long as the purchase price or rent amount as required in the contract of sale and the Deed conveying Title to the new Buyer or in the lease is not greater than the original purchase price or rent amount increased by the percentage allowance as defined above, provided, however, that the resale price may

exceed the foregoing if a greater sum is required to pay off and discharge the existing First Purchase Money Mortgage.

Except as otherwise permitted in this Plan. every purchaser or tenant of an Affordable Condominium shall use it for their own primary residence and shall certify on a form prescribed by the Administrator that he or she is acquiring or leasing the Unit as his or her family's primary place of residence. Purchasers or tenants may lease or sublet such Units only with the prior written approval of the Administrator and such leases or sublettings shall only be to persons eligible therefor and at rent levels not exceeding those in effect at that time for the respective type of Low- or Moderate-Income Unit.

Owners of Affordable Condominiums may add amenities or Improvements to such Units. However, the effect of these Improvements may not increase the resale or re-rent price of the Unit beyond amounts which are permitted by the COAH Rules.

Owners of Affordable Condominiums shall maintain the interior and exterior of their units (unless such maintenance is provided by the Association) in accordance with the standards of the Market Condominiums within the development. Failure to do so shall permit The Grande at Colts Neck Condominium Association to do so at the cost and expense of the Owner of the Affordable Condominium, and the Association shall have a lien on the Unit for the recovery of all sums expended for such purpose as provided for in the Master Deed for The Grande at Colts Neck, A Condominium. Other than any such lien, any and all Assessments by the Association assessed upon any Affordable Condominium shall be limited to 33 1/3% of the fee for the market condominiums plus the reserves within the Budget for the repair and

maintenance for the exterior of the Affordable Condominium Buildings commencing upon the date upon which the provisions of this Plan expire or terminate as to a particular Affordable Condominium, Affordable Condominiums shall be billed and shall make payment of the monthly condominium fee (including the exterior repair and maintenance reserve amount) in the same manner as a Market Unit. At no time shall the Association levy an Assessment upon an Affordable Condominium for an Association expense for which Market Condominiums are not also being assessed, except as may be provided in the Affordable Housing Plan (with the exception of the reserves within the budget for the maintenance and repair of the exterior of the Affordable Condominium Buildings).

Owners of Affordable Condominiums shall not convey title to, lease, or otherwise deliver possession of the Affordable Condominiums other than in accordance with the Affordable Housing Plan and the Township of Colts Neck's and the Administrator's regulations. Other than implementing the reduced condominium fee, the Association shall have no responsibility whatsoever for implementing, monitoring, enforcing, or supervising the Affordable Housing Plan.

If an Affordable Condominium is destroyed or damaged by fire, storm, or other casualty, the Association shall rebuild the unit destroyed or damaged to substantially the same condition as prior to the destruction or damage and its occupancy shall continue as an Affordable Condominium in the same manner existing prior to the destruction or damage. The Association shall carry insurance coverage upon the Affordable Condominiums equal to the replacement cost, without taking into account depreciation, of such Units. The Association shall provide the Township with proof of such insurance on demand.

The terms, restrictions, provisions, and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall be binding upon the Owner and all heirs, successors, and assigns for 30 years from the initial sale or rental of each Unit. Unless otherwise provided for in this Plan, said conditions shall automatically expire and terminate for each Affordable Condominium thirty (30) years from the date of the initial sale or rental of the Affordable Condominium.

After the period of Affordability expires, the Affordable Condominiums may be sold to any purchaser without price controls, provided that in the case of the first sale after the expiration of the controls, fifty percent (50%) of the difference between the sales price, or the fair market value of the unit whichever is greater, and the restricted sales price which could have been obtained by a Qualified Purchaser in the month before the resale controls end, shall be paid to the Township to be used for any legitimate purpose that assists in rehabilitating, maintaining, erecting, or meeting some other legitimate housing program for Low- and Moderate-Income Households.

Neither the Sponsors, the Owner, the Association, nor the Administrator shall amend or alter the provisions of the Affordable Housing Plan without first obtaining the approval of the Township of Colts Neck. Any approved amendments or modifications of this Plan shall be in writing and shall contain proof of Township approval and shall not be effective unless and until recorded with the Monmouth County Clerk.

6. AFFORDABLE HOUSING ADMINISTRATOR. The Township of Colts Neck has by Ordinance designated the Office of the Township Administrator to administer the provisions of this Affordable Housing

Plan, and to structure and enforce the mechanism and criteria for enforcing the income/sales/rent limits, the determination of who are Qualified Purchasers of the Low- and Moderate-Income Units at the time of each sale or resale or each rental or re-rental, and for determining the allowable sale and resale, and rental and re-rental, prices of the Affordable Condominiums.

7. DEEDS OF CONVEYANCE PROVISIONS. Upon the initial sale or lease of any Affordable Condominium, the deed or lease shall contain a covenant running to the Township of Colts Neck, that, unless otherwise permitted in the Affordable Housing Plan for the Grande at Colts Neck, the unit shall not, for the period of affordability controls, be conveyed or leased or be permitted to be occupied by any household not qualified by income, or at a price or rental in excess of that specified by Section 619.1 of the Colts Neck Development Regulations, adjusted for the date of the transaction as provided in the COAH Rules or not in full conformance with all requirements of such Plan.

The above clause shall be in addition to the clause stating that the Unit is subject to the provisions of the Master Deed of The Grande at Colts Neck, A Condominium, which clause will also appear in the deeds for all Units in this development.

8. STATEMENT OF EXEMPTION -- AFFORDABLE CONDOMINIUMS.

An owner, including SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp., shall offer the Affordable Condominiums for rental or sale through the Administrator from the date it becomes available by the issuance of a Certificate of Occupancy pursuant to the following schedule:

- (i) During the first 90 days that the Affordable Condominium is offered for sale or rent through the Administrator, only Qualified Purchasers may execute a contract to purchase or lease.
- (ii) Between the 91st day and the 120th day the Affordable Condominium is offered for sale or rent through the Administrator, the Owner in addition to pursuing contracts with Qualified Purchasers shall offer the Unit for sale or rent to those families on a list to be provided by the Administrator who expressed a desire to own or rent an Affordable Condominium but whose Income exceeded the Income limits (the "Preferred Occupant"). However, during this period contracts to purchase or lease may only be executed with Qualified Purchasers.
- (iii) If at the end of the 120th day after the Affordable Condominium is offered for sale or rent through the Administrator, a Qualified Purchaser has not executed a binding contract or lease for the Unit, then the Owner shall sell or lease the Unit to any Preferred Occupant who desires to do so and the Administrator shall issue a Statement of Exemption for that sale or lease.
- (iv) If at the end of the 130th day after the Affordable Condominium is offered for sale or rent through the Administrator and either a Qualified Purchaser or a Preferred Occupant has not executed a binding contract to rent or purchase the Unit, then the Administrator shall issue a Statement of Exemption for that Unit provided that the Owner provides evidence that it has made a good faith effort to sell or rent the Unit to a Qualified Purchaser and then to a Preferred Occupant as provided in this section. In the case of the initial sale or rental of a Unit, the Owner shall, in addition, be required to provide evidence it has marketed the Unit in accordance with the Affirmative Marketing Plan attached hereto as Schedule C

Upon the Administrator's issuance of a Statement of Exemption after the Unit is offered for sale or rent through the Administrator for 130 days, the Owner, including SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. (or their designee), as the case may be, may rent or sell a Low- or Moderate-Income Unit to any interested purchaser regardless of Income. A copy of the Statement of Exemption shall be given to the purchaser or renter at the time of closing of title or to the tenant prior to occupancy. Nothing in this Plan shall be interpreted to obligate the Administrator or the Township to list, advertise, market or perform any other act to sell or rent any unit within the proposed development.

A Statement of Exemption issued pursuant to this Plan shall be in recordable form and exempt only the specific sale, resale, or rental transaction for the Unit for which it was issued. Notwithstanding an exempt sale or rental, the sales controls, rent controls, and limitations on appreciation established herein shall continue to apply to that unit and all subsequent purchasers or renters unless a separate Statement of Exemption is issued by the Administrator. Any person occupying an Affordable Condominium pursuant to a Statement of Exemption shall take title and/or possession to the Affordable Condominium subject to the same terms, restrictions, conditions, and provisions of this Affordable Housing Plan applicable to Affordable Condominiums including those addressing use, occupancy improvements, and resale or re-rental price controls as though such purchaser or tenant were a Low- or Moderate-Income Purchaser.

Nothing shall preclude the Administrator from acting to purchase the Affordable Condominium in the name of the Township of Colts Neck and holding, renting, or conveying it to a Low- and Moderate-Income Family if such right is exercised prior to the Owner signing a valid contract to sell such Affordable Condominium to a Low- or Moderate-Income Family.

Nothing in this Section 8 shall be interpreted to supercede or vitiate Section 619.1(B)(4) of the Colts Neck Development Regulations and the developer shall comply with the construction phasing requirements set forth therein as shown below. The \$250,000 contribution by the developer shall be paid in the same proportion as the following phasing schedule. Further, the developer shall be obligated to give to the Administrator the names of all interested buyers of Affordable Condominiums who were unable to buy or rent because they exceeded the Income limits.

Percent and Number of Market-Rate Unit Issued Certificates of Occupancy

Min. Percent and Number of Low- and Moderate-Income Units Issued Certificates of Occupancy and \$ Contribution to Be Paid

<u>Percent</u>	<u>Units</u>		<u>Units</u>	<u>Dollars</u>
Up to 15%	28	0%	0	\$ 0
15% + 1 to 25%	29 to 47	10%	8	\$ 25,000
25% + 1 to 50%	48 to 94	40%	36	\$ 75,000
50% + 1 to 75%	95 to 141	70%	62	\$ 75,000
75% + 1 to 90%	142 to 169	100%	88	\$ 75,000
90% + 1 to 100%	170 to 188	N/A		
			Total	\$250,000

9. EXEMPT TRANSACTIONS. The following transactions shall be deemed "non-sales" for purposes of this Affordable Housing Plan and the Owner receiving title by virtue of any of the following transfers of ownership shall be entitled to receive from the Administrator and the Administrator shall issue a Statement of Exemption to the Owner receiving title by virtue of any of the following transfers of ownership of an Affordable Condominium:

- a. between husband and wife;
- b. between former spouses ordered as a result of a judicial decree of divorce (and not including sales to third parties);
- c. between family members as a result of inheritance;
- d. through an Executor's Deed to any Person;
- e. through an Order of the Superior Court or other court; and
- f. sale of rental units to an entity designated by the developer provided the Low-and Moderate-Income Units are retained as Low- and Moderate-Income Units in accordance with all the rules, regulations, and restrictions imposed by this Plan and the site plan approved by the Township. In the event that Howard M. Schoor, Donald Glendenning, Ned Siegel or Fred Rothman do not have an ownership or controlling interest in the entity designated by the developer, then the Township shall have the right to disapprove the transfer of ownership within 15 days after receiving notice of the intent to transfer, provided that such disapproval is not unreasonable.

Any such transfer of ownership shall neither extinguish the restrictions and applicability of this Affordable Housing Plan to such

Affordable Condominium nor terminate any liens set forth under this Plan. Liens in favor of the Township of Colts Neck must be satisfied in full prior to the subsequent resale of the Affordable Condominium and all such subsequent resales are fully subject to the terms and provisions of this Affordable Housing Plan.

10. VIOLATION OF PLAN. The interest of any Owner may, at the option of the Administrator, be subject to forfeiture in the event of substantial breach of any of the terms, restrictions, and provisions of this Plan which remains uncured for a period of sixty (60) days after service of a written notice of violation upon the Owner by the Administrator. The notice of violation shall specify the particular infraction and shall advise the Owner that his or her interest may be subject to forfeiture if such infraction is not cured within sixty (60) days of receipt of the notice. The provisions of this paragraph may be enforced by the Administrator by court action seeking a judgment which could result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if same were a judgment of default of the First Purchase Money Mortgage and shall constitute a lien against the Affordable Condominium. Such judgment shall be enforceable at the option of the Administrator, by means of an execution sale by the Sheriff or such person who may be ordered by the Court (the Sheriff's Sale") at which the Affordable Condominium of the violating Owner shall be sold at a sales price which is not less than the amount necessary to fully satisfy and payoff any First Purchase Money Mortgage, any prior liens and costs of the enforcement proceedings including attorney's fees. The violating Owner shall have his or her right to possession terminated as well as his or her title conveyed pursuant to the Sheriff's Sale.

The proceeds of the Sheriff's Sale shall be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the Affordable Condominium. Any additional funds shall next be applied to reimburse the Administrator for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's Sale and then to any outstanding real estate taxes or municipal assessments. In the event that the proceeds from the Sheriff's Sale are insufficient to reimburse the Administrator in full as aforesaid, the violating Owner shall be responsible for such deficiency, in addition to any and all costs incurred by the Administrator in connection with collecting such deficiency. If after paying all of the foregoing, there remains any excess funds from the Sheriff's Sale, then those funds shall first be paid to the Association for outstanding fees or assessments and then to the violating Owner to the extent of the difference between that Owner's original purchase price for the Unit and the outstanding principal balance on the foreclosed mortgage. Thereafter, any funds remaining from the Sheriff's Sale shall be paid to the Township of Colts Neck to be used for providing Affordable housing. The Township is hereby given a first priority lien (subject to the first mortgage) to any unclaimed funds which is perfected by the recording of this Plan.

Title shall be conveyed to the purchaser at the Sheriff's Sale subject to the restrictions and provisions of the Affordable Housing Plan. The former Owner determined to be in violation of the provisions of this Plan and from whom title and possession were taken by means of the Sheriff's Sale shall not be entitled to any right of redemption. If there are no bidders at the Sheriff's Sale, or if insufficient amounts are bid to satisfy the First Purchase Money Mortgage and any prior liens, the Administrator

may acquire title to the Affordable Condominium in the name of the Township of Colts Neck by satisfying or assuming the First Purchase Money Mortgage if such mortgage is assumable and any prior liens and crediting the violating Owner with an amount equal to the difference between the First Purchase Money Mortgage and any prior liens plus costs of the enforcement proceedings including legal fees and the maximum sales price for which the Affordable Condominium could have been sold under the terms of this Affordable Housing Plan. This excess shall be treated in the same manner as the excess which would have been realized from a Sheriff's Sale as previously described.

Failure of the Affordable Condominium to be either sold at the Sheriff's Sale or acquired by the Township shall obligate the Owner to accept an offer to purchase from any Qualified Purchaser, which may be referred to the Owner by the Administrator, with such offer to purchase being equal to the maximum sales price of the Affordable Condominium as permitted by the terms and provisions of this Affordable Housing Plan. The Owner shall remain fully obligated, responsible, and liable for complying with the terms and restrictions of this Plan as well as taxes, condominium fees, and other carrying and maintenance costs until such time as title is conveyed from the Owner.

11. COVENANTS RUNNING WITH LAND. The provisions of this Affordable Housing Plan shall constitute covenants running with the land with respect to each Affordable Condominium affected hereby, and shall bind all purchasers of each such Unit, their heirs, assigns, and all persons claiming by, through, or under their heirs, executors, administrators, and assigns. The terms, restrictions, and covenants of this Plan shall, however, automatically expire and terminate for each Affordable Condominium

thirty (30) years from the date of the initial sale or rental of the Affordable Condominium.

12. EFFECT OF FORECLOSURE. Any Affordable Condominium which is acquired by a First Purchase Money Mortgagee by deed in lieu of foreclosure, or by any purchaser at a mortgage foreclosure sale conducted by the holder of the First Purchase Money Mortgagee (but excepting the defaulting mortgagor) shall be permanently released from the restrictions and covenants of this Plan and all resale restrictions shall cease to be effective as to the First Purchase Money Mortgagee and all subsequent purchasers and mortgagees of that particular unit (except for the defaulting mortgagor), provided that the following shall occur:

- (a) The notice of foreclosure shall allow the Township of Colts Neck, the Department of Community Affairs, the New Jersey Housing and Mortgage Finance Agency or a non-profit entity to purchase the unit at the maximum permitted sales price and maintain it as an Affordable Condominium;
- (b) The Owner of the unit shall be personally obligated to pay to the Township of Colts Neck any surplus funds from the sale, for assuring Affordability, but only to the extent that such surplus funds exceed the difference between the maximum price permitted at the time of foreclosure and the amount necessary to redeem the debt to the financial institution, including costs of foreclosure.
- (c) The defaulting mortgagor shall be personally obligated to pay to the Township of Colts Neck the maximum price of the unit permitted at the time of foreclosure less any surplus paid. Execution or foreclosure sales by any creditor other than the holder of the First Purchase Money Mortgage shall not result in release of the unit from the provisions of this Plan.

13. OBLIGATIONS OF OWNERS. Any Owner of an Affordable Condominium shall notify the Administrator within ten (10) days in writing of any default in the performance by the Owner of any obligation under either the Master Deed and By-Laws of the Association including the failure to pay any lawful and proper Assessment by the Association, or any mortgage, or other lien, against the Affordable Condominium which is

not cured within sixty (60) days of the date upon which the default first occurs.

The Owner of an Affordable Condominium shall keep the unit in good repair and shall not commit waste thereon.

The Owner shall pay all taxes and public Assessments and Assessments by the Association levied upon or assessed against the Unit, or any part thereof, as and when the same become due and before penalties accrue.

This Affordable Condominium is part of a condominium together with appurtenances thereto. The Owner shall further fully comply with all of the terms, covenants, and conditions of said Master Deed, as well as fully comply with all terms, conditions, and restrictions of this Affordable Housing Plan.

14. TOWNSHIP'S RIGHT TO CURE. The Township of Colts Neck may, at its sole option and discretion, advance and pay all sums necessary to protect, preserve, and retain the Unit as an Affordable Condominium subject to the terms of this Plan. All sums so advanced and paid by the Township of Colts Neck shall become a lien against such Unit and shall have a priority higher than any lien except the First Purchase Money Mortgage lien and liens by duly authorized government agencies, such lien and priority being perfected by the recording of this Plan. Such sums may include, but are not limited to, insurance premiums, taxes, assessments (public or private), mortgage payments, and liens which may be or become prior and senior to any First Purchase Money Mortgage as a lien on the Unit, or any part thereof. In the event any mortgagee or other creditor of an Owner of an Affordable Condominium exercises its contractual or legal remedies available in the event of default or

nonpayment by the Owner of an Affordable Condominium, the Owner shall notify the Administrator in writing within ten days of such exercise by the mortgagee or creditor and no later than ten days after service of any summons and complaint. Whether such notice is forwarded or not, the Administrator shall have the option to purchase, redeem, or cure any default upon such terms and conditions as may be agreeable to all parties in interest and/or to acquire or take an assignment of the mortgage to the Unit, thereby, replacing and stepping into the same priority status as that Mortgagee as the mortgagee of the Unit. The Township of Colts Neck shall have the same priority of lien as was held by the replaced mortgagee at the time the Township of Colts Neck acquires or takes an assignment of such Mortgage, and shall have the right of subrogation, with respect to any other claim or lien it satisfies or acquires.

15. PROVISION FOR FIRST PURCHASE MONEY MORTGAGEE. The terms and restrictions of this Affordable Housing Plan shall be subordinate only to the First Purchase Money Mortgage lien on any Affordable Condominium and in no way shall impair the First Purchase Money Mortgagee's ability to exercise the contract remedies available to it in the event of default as to those remedies not inconsistent with this Plan and which are set forth in the First Purchase Money Mortgage documents for the unit. All other classes of creditors and liens shall be subject to and bound by the terms of this Plan and shall have a lower priority lien than the Administrator and the Township of Colts Neck. The First Purchase Money Mortgagee and/or mortgage servicer shall serve written notice upon the Administrator within ten (10) days after the First Purchase Money Mortgage is three (3) months in arrears, and again within ten (10)

calendar days of the filing of the complaint seeking foreclosure of the First Purchase Money Mortgage held on an Affordable Condominium.

However, the obligation of the First Purchase Money Mortgagee and servicer to notify the Administrator shall not apply if the First Purchase Money Mortgage is sold to the Federal National Mortgage Association or in the secondary market and the rules and regulations or guidelines of the Federal National Mortgage Association prohibit or exclude placing such obligation upon the holder of the mortgage or its service representative. If the First Purchase Money Mortgagee is obligated to give the Administrator the above-mentioned notices, the First Purchase Money Mortgagee shall also serve written notice of any proposed Foreclosure sale upon the Administrator at least thirty (30) days prior to the first scheduled date of such sale. The First Purchase Money Mortgagee shall serve notice upon the Administrator within thirty (30) days after the sale of the First Purchase Money Mortgage to the Federal National Mortgage Association or in the secondary mortgage market.

The Township of Colts Neck and/or the Administrator or any instrumentality designated by the Township shall have the right to satisfy any mortgage which is in default at any time prior to the entry of a foreclosure judgment, or within the redemption period thereafter. Notification of a default and of the institution of a Foreclosure action and of a Sheriff's sale shall be served in writing upon the Administrator, with a copy to the Township Clerk. The Township of Colts Neck shall at all times be considered a party in interest and shall have the right to be joined as a party defendant and/or shall have the right to intervene in any foreclosure action seeking foreclosure of a First Purchase Money Mortgage and/or shall have the right to redeem and acquire the Owner's equity of

redemption or to acquire the unit from the Owner upon such terms and conditions as may be determined by the Administrator.

16. DISCLOSURE STATEMENTS. SGS Communities at Colts Neck, L.P. and/or Schoor Colts Neck Development Corp. shall provide Disclosure Statements to all initial purchasers or renters of Affordable Condominiums for execution at or prior to the execution of any contract of sale or lease.

The provisions of such disclosure statements shall be as set forth on Exhibit B attached hereto. All Owners of Affordable Condominiums shall provide copies of such Disclosure Statements to subsequent buyers or tenants for execution prior to execution of contracts for sale or leases with such buyers or tenants. The Owner shall file executed copies of the "Disclosure Statement" with the Administrator.

17. MARKETING. The developer of The Grande at Colts Neck shall market the sale and rental of the Affordable Condominiums in the manner set forth in the Marketing Plan attached hereto as Exhibit C.

18. SERVICE UPON TOWNSHIP OR ADMINISTRATOR. Wherever in this document the Administrator or the Township of Colts Neck is authorized to receive letters, contracts, or other documents, the Administrator shall be the person to whom same are delivered.

19. CAPTIONS AND HEADINGS. All captions and headings in this Affordable Housing Plan are for purposes of reference only and shall not affect the interpretation or construction of any provision of this Affordable Housing Plan.

20. SEVERABILITY. It is the intention of both the Township of Colts Neck and SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. that the provisions of this instrument are severable so that if any provision, condition, covenant, or restriction hereof shall be

invalid or void under any applicable Federal, State, or local law, the remainder shall be unaffected thereby. In the event that any provision, condition, covenant, or restriction hereof, is at the time of recording of this instrument, void, voidable, or unenforceable as being contrary to any applicable Federal, State, or local law, all parties, their successors and assigns, and all persons claiming by, through, or under them covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability, or unenforceability, shall be deemed to apply retrospectively to this instrument thereby operating to validate the provisions of this instrument which otherwise might be invalid and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein described as fully as if they had been in effect at the time of the execution and recording of this instrument.


21. AGREEMENT AND PENALTY. SGS Communities at Colts Neck, L.P. and/or Schoor Colts Neck Development Corp. (or their assigns and successors) shall construct the eighty-eight (88) Affordable Condominiums consisting of 66 for sale units and 22 rental units and agrees that all such designated Affordable Condominiums shall be initially sold, rented, and marketed in accordance with the provisions of this Affordable Housing Plan and Section 619.1 of the Colts Neck Development Regulations. Failure of the developer to comply with any of these requirements shall be cause for denial of Certificates of Occupancy to Market Condominiums in the development for which such Certificates have not already been granted.

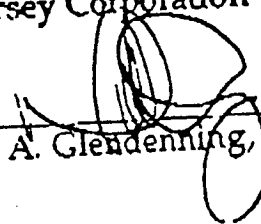
22. **GENERAL.** Except as set forth herein, the procedures for resale and eligible capital improvements, with respect to any Affordable Condominium which is the subject of this Plan, shall be in accordance with standards promulgated or hereafter promulgated by the Council on Affordable Housing. In addition, the income standards to qualify as a purchaser or renter of any affordable condominium provided for under this plan shall be in accordance with standards promulgated or hereafter promulgated by the Council on Affordable Housing.

Dated: 10/15/93

**SGS COMMUNITIES AT COLTS NECK, L.P.,**  
a New Jersey Limited Partnership

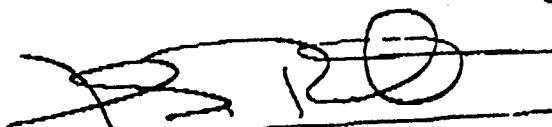
By: **SGS Colts Neck Development Corp.,** a  
New Jersey Corporation

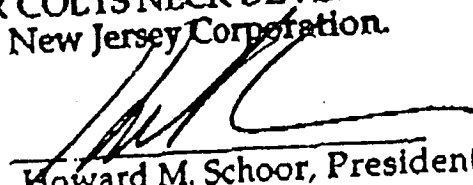
ATTEST:  
  
Fred B. Rothman, Secretary

  
Donald A. Glendenning, Vice President

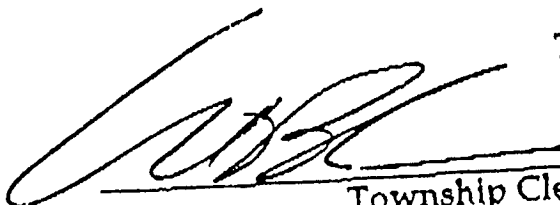
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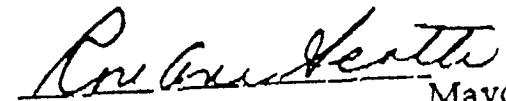
**SCHOOR COLTS NECK DEVELOPMENT  
CORP.,** a New Jersey Corporation.

  
Fred B. Rothman, Secretary

By:   
Howard M. Schoor, President

**TOWNSHIP OF COLTS NECK**

  
\_\_\_\_\_  
, Township Clerk

By:   
\_\_\_\_\_  
, Mayor

**EXHIBIT B**  
**DISCLOSURE STATEMENT FOR**  
**AFFORDABLE CONDOMINIUMS IN**  
**THE GRANDE AT COLTS NECK, A CONDOMINIUM**

The home which you are considering purchasing is an Affordable Condominium as defined in a document entitled "Affordable Housing Plan for the Grande at Colts Neck, A Condominium", which has been or will be recorded with the Clerk of the County of Monmouth and is on file with the Clerk of the Township of Colts Neck. The Affordable Housing Plan was prepared by SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. and was a requirement of the Township of Colts Neck under a Judgment of Compliance and Repose of the Superior Court of the State of New Jersey and the Township's subsequent approval of The Grande at Colts Neck. A complete reading of the Plan, which is included in the Public Offering Statement, is necessary to fully understand the restrictions contained in the Plan which affect the home you are considering purchasing. By way of a brief summary, the following restrictions are contained in the Plan:

1. The rights and obligations concerning the control over sales and resale prices, rent and re-rent levels, and maximum household incomes for eligible occupants are a deed restriction on the unit and shall not be violated. In the event of a violation of the Plan, then the unit owner will be subject to appropriate legal action that may result in liens, penalties, and/or the loss of the unit.
2. Purchasers or tenants of these Affordable Condominiums are limited to Low- and Moderate-Income Families. These Affordable

Condominiums must be occupied by the Owner and may not be rented except as may be permitted by the Township of Colts Neck or its designee. This restriction applies to the initial purchase and occupancy and all resales and re-rentals in the case of designated rental units.

3. These Affordable Condominiums may not be resold at a sales price greater than the initial sales price plus an annual increase based on the percentage increase in the regional median income limit as determined by the New Jersey Council on Affordable Housing ("COAH") for the Monmouth County Region, or as may be required by COAH should the Township seek and receive Substantive Certification from COAH.
4. Owners of Affordable Condominiums may add reasonable amenities or improvements to such units; the resale or re-rental price may include reimbursements for documented monetary outlays for such reasonable improvements and reasonable costs incurred in selling the Unit, provided same has been approved by the Township of Colts Neck in accordance with COAH Regulations. Therefore, it is possible that the cost of some of the improvements made by Owners may not be recoverable at the time of resale.
5. These Affordable Condominiums shall pay a reduced condominium fee set at thirty-three and one-third (33 1/3%) percent of the assessment levied upon the market condominium units in The Grande at Colts Neck. In addition to this condominium fee, the Affordable Condominiums will be responsible for the reserves within the Budget for maintenance and repairs of the exteriors of the Affordable Condominium buildings pursuant to the Budget. Owners of these Affordable Condominiums have the very same rights, privileges, duties and obligations as any other condominium owner in The Grande at Colts Neck, A Condominium. There are no restrictions or limitations upon the ability of Owners of these units to participate in the affairs of the Association.

6. The terms, restrictions, provisions, and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall automatically expire and terminate with respect to the Affordable Condominium thirty (30) years from the date of the initial sale of the Affordable Condominium.

The above are the limitations and restrictions which most greatly affect the Affordable Condominium in The Grande at Colts Neck, A Condominium. The purchaser should read the entire Affordable Housing Plan to fully understand the Plan and its requirements and obligations.

I have read the contents of this Disclosure Statement and understand same. I have been instructed that a thorough reading of the Affordable Housing Plan in its entirety is necessary to understand its requirements and obligations. I have been further instructed to seek the assistance and advice of an attorney in reviewing that Plan.

\_\_\_\_\_                      \_\_\_\_\_  
Date                              Prospective Purchaser

\_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_  
Bldg. No.      Unit No.      Prospective Purchaser

## EXHIBIT C

### AFFIRMATIVE MARKETING PLAN

As a condition of development approval, SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp. (and their successors and assigns), the developer of 88 Low- and Moderate-Income units at "The Grande at Colts Neck, A Condominium", shall affirmatively market those units in accordance with the following Affirmative Marketing Plan and NJAC 5:93-11.

SGS Communities at Colts Neck, L.P. and Schoor Development Corp. shall place advertisements in the Colts Neck Calendar and the News Transcript for approximately three months. Advertisements will then be placed in the Holmdel Happening as well as the Colts Neck Calendar and the News Transcript for approximately 30 days. Thereafter, advertisements may be placed in all of the foregoing newspapers plus the Asbury Park Press for approximately 30 days. Thereafter, the developer may advertise in newspapers and journals it deems appropriate to sell the units. The advertisement shall notify potential purchasers of the availability of Low- and Moderate-Income units in the Condominium and will contain at least the following information:

- (a) A Statement that the units being offered are available to Low- and Moderate-Income Households.
- (b) An estimate of the maximum income based upon family size for Low- and Moderate-Income Households which would qualify for this program at the time the units are advertised, based on COAH's income levels.

**R E S O L U T I O N - 1993-93**

**Approving Affordable Housing Plan for The  
Grande at Colts Neck**

**BE IT RESOLVED** by the Township Committee of the Township of Colts Neck that it hereby approves the Affordable Housing Plan for The Grande at Colts Neck, submitted by SGS Communities at Colts Neck, L.P. and Schoor Colts Neck Development Corp., and

**BE IT FURTHER RESOLVED** that the Mayor and Clerk are hereby authorized to sign said plan, and

**BE IT FURTHER RESOLVED** that said execution by the Mayor and Clerk shall only be done upon written correspondence from the Township Attorney approving said Plan

**BE IT FURTHER RESOLVED** that copies of this Resolution be forwarded to the following:

1. Colts Neck Planning Board
2. SGS Communities, Inc.
3. William Queale, Township Planner
4. Glenn Gerken, Township Engineer
5. John O. Bennett, III, Township Attorney

I hereby certify the foregoing to be a true copy of a Resolution adopted by the Township Committee of the Township of Colts Neck on the 28th day of July, 1993.

  
Robert Bowden, Township Clerk

**INTRODUCED BY:** Mr. McClintock  
**SECONDED BY:** Mr. Goodwin

**ROLL CALL**  
**APPROVE:** Mayor Scotti, Deputy Mayor McClintock,  
Committeemen Pearson, Yodakis and Goodwin  
**OPPOSE:** None

COPIES OF THE APPLICATION FORMS TO BE COMPLETED BY PURCHASERS OF GARDEN UNITS WILL BE APPENDED TO THIS AFFORDABLE HOUSING PLAN UPON SPONSORS' RECEIPT OF SAME FROM THE TOWNSHIP OF COLTS NECK.