

**FINANCIAL AGREEMENT FOR
LONG TERM TAX EXEMPTION
*N.J.S.A. 40A:20-1 et seq.***

by and between

TOWNSHIP OF VERNON

and

OMEGA DRIVE REDEVELOPMENT URBAN RENEWAL, LLC

Dated: [●], 202[●]

THIS FINANCIAL AGREEMENT is made this ____ day of _____, 2025 (hereinafter this “**Agreement**”) by and between **OMEGA DRIVE REDEVELOPMENT URBAN RENEWAL, LLC** (the “**Entity**”) a New Jersey limited liability company and an urban renewal entity qualified to do business under the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 *et seq.*, as amended and supplemented (the “**Exemption Law**”), with offices at 241 Hudson Street, Hackensack, New Jersey 07601, and the **TOWNSHIP OF VERNON**, a municipal corporation of the State of New Jersey, having an address at 21 Church Street, Vernon, New Jersey 07462 (the “**Township**”; and together with the Entity, the “**Parties**” or “**Party**”).

W I T N E S S E T H:

WHEREAS, on April 23, 2018, pursuant to Resolution 18-135, the Vernon Township Council (the “**Township Council**”) designated a total of 173 lots, including that certain property identified as Block 403, Lots 2 and 3 (and previously identified as Block 141.02, Lots 2 and 3) on the official Tax Maps of the Township, as a non-condemnation “area in need of redevelopment” (collectively, the “**Redevelopment Area**”) in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 *et seq.*, as amended and supplemented (the “**Redevelopment Law**”); and

WHEREAS, by the adoption of Ordinance No. 21-10 on April 26, 2021, the Township Council duly adopted a redevelopment plan for the Redevelopment Area, entitled, “Town Center Redevelopment Plan”, prepared by J. Caldwell & Associates, LLC, dated March 25, 2021 (as the same may be amended and supplemented from time to time, the “**Redevelopment Plan**”); and

WHEREAS, the Entity is the owner of certain property within the Redevelopment Area identified as Block 403, Lots 2 and 3 on the official Tax Maps of the Township, as more particularly described in that certain metes and bounds description attached hereto as **Exhibit A** and hereby made a part hereof (the “**Property**”); and

WHEREAS, the Entity proposes to redevelop the Property by constructing thereon a four-story, multi-family residential building containing a total of twenty-seven (27) residential rental units, inclusive of six (6) units affordable to low- and moderate-income families, forty-two (42) off-street parking spaces, two (2) of which will be designated as ADA-compliant, along with associated on-site and off-site improvements (collectively, the “**Project**”); and

WHEREAS, in accordance with the Exemption Law, the Entity filed an application with the Township for approval of a tax exemption (the “**Tax Exemption**”) for the Project (the “**Application**”), a copy of which is annexed hereto and made a part hereof as **Exhibit B**; and

WHEREAS, on [●], the Mayor recommended to the Township Council that the Application be approved, provided that all legal prerequisites are met; and

WHEREAS, on [●] by Ordinance No. [●] (the “**Ordinance**”), the Township Council approved the Application, authorized the Tax Exemption, subject to the terms and conditions of this Agreement, and authorized the execution of this Agreement; and

WHEREAS, pursuant to this Agreement, the Township and the Entity desire to set forth in detail their mutual rights and obligations with respect to the Tax Exemption; and

WHEREAS, the Township Council has reviewed the Application and has made the following findings:

A. **Benefits of Project v. Costs.**

i. The development and construction of the Project, as set forth in this Agreement and the Redevelopment Plan, will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Property; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Property and will enhance the economic development of the Township.

ii. It is anticipated that the development of the Project will create approximately twenty-nine (29) full-time temporary jobs and fourteen (14) full-time permanent jobs as a result of the Project.

iii. In 2025, the Property, including the improvements thereon, will generate approximately \$3,820 in total real estate taxes to all government units, including \$[●] to the Township. Pursuant to this Agreement, the Project is projected to generate revenue for the Township in the first year of approximately \$75,000, well in excess of the municipal revenue to be generated by *ad valorem* taxes in 2025. The benefits to the Township accruing as a result of the Project, including the generation of jobs, the revitalization of the Redevelopment Area, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Township resulting from the Tax Exemption granted herein. It is anticipated that the benefits projected above will be realized, however, it is understood and agreed that these benefits are speculative and not guaranteed outcomes of the Project.

B. **Importance of Tax Exemption.**

The Township Council’s approval of the Tax Exemption set forth herein is essential to the success of the Project because:

i. The relative stability and predictability of the Annual Service Charge (as defined below) associated with the Project will make it more attractive to financial institutions whose participation is necessary in order to finance the Project.

ii. The relative stability and predictability of the Annual Service Charge will allow the Entity to provide a high level of maintenance for the Property and will have a positive impact on the surrounding area and overall community.

iii. The relative stability and predictability of the Annual Service Charge will allow the Project to achieve economies of scale and be financially feasible due to the combined factors of the overall size of the Project and the inclusion of over 20% low- and moderate-income residential units.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement mutually covenant and agree as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Exemption Law, the Redevelopment Law, the Ordinance, and all other Applicable Laws, as defined below. It is expressly understood and agreed that the Township has relied upon the facts, data, and representations contained in the Application in granting the Tax Exemption and the Application is hereby incorporated into this Agreement by reference.

Section 1.2 General Definitions and Construction

The recitals and exhibits to this Agreement are hereby incorporated by reference herein as if set forth at length. Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms and phrases shall have the following respective meanings:

- a. **Administrative Fee** – Shall have the meaning specified in Section 4.9 hereof.
- b. **Affiliate** – With respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by, or under direct common Control with, such person or entity.
- c. **Agreement** – Shall have the meaning specified in the preamble hereof.
- d. **Allowable Net Profit (also referred to as “ANP”)** – The amount arrived at by applying the Allowable Profit Rate pursuant to the provisions of N.J.S.A. 40A:20-3.
- e. **Allowable Profit Rate (also referred to as the “APR”)** – The greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one-quarter percent (1.25%) to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing for the Project. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing or if the financing is internal or undertaken by a related party, the APR shall be the greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one-quarter percent (1.25%) to the prevailing per annum

interest rate on mortgage financing on comparable improvements within Sussex County. The provisions of *N.J.S.A. 40A:20-3(b)* are incorporated herein by reference.

- f. **Annual Gross Revenue** (also referred to as the “AGR”) – Annual gross revenue for the Project, as determined pursuant to the Exemption Law and the terms of this Agreement.
- g. **Annual Service Charge** (also referred to as the “ASC”) – The total annual amount that the Entity has agreed to pay the Township for municipal services supplied to the Project, which sum is in lieu of any taxes on the Land and the Improvements pursuant to the Exemption Law, which amount shall be prorated in the year in which the Annual Service Charge begins and the year in which the Annual Service Charge terminates. The Annual Service Charge shall be calculated pursuant to Article IV hereof.
- h. **Annual Audited Statement** – Shall mean a complete financial statement outlining the financial status of the Project, which shall also include a computation of Net Profit, Allowable Net Profit, and Annual Gross Revenue, prepared annually by the Entity’s certified public accountant. The contents of each Annual Audited Statement shall be prepared in conformity with Generally Accepted Accounting Principles, the Exemption Law, and this Agreement.
- i. **Applicable Law** – Shall mean any and all federal, state and local laws, rules, regulations, rulings, court orders, statutes and ordinances applicable to the Project, the Property and the Tax Exemption.
- j. **Application** – Shall have the meaning specified in the recitals of this Agreement.
- k. **ASC Commencement Date** – The first day of the month immediately following the Substantial Completion of any portion of the Project.
- l. **Certificate of Occupancy** – A temporary or permanent certificate of occupancy issued by the appropriate Township official, pursuant to *N.J.S.A. 52:27D-133*.
- m. **Control** – As used with respect to any person or entity, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and operation of such person or entity, whether through the ownership of voting securities or by contract or other written agreements.
- n. **Commencement of Construction** – The undertaking of any actual physical construction of any portion of the Project, including demolition, site preparation, environmental remediation, construction of Improvements or construction or upgrading of infrastructure.
- o. **Completion of Construction** – The completion of construction of the Project, in accordance with the Redevelopment Plan and Governmental Approvals, sufficient for issuance of a Certificate of Occupancy and subject only to installation of landscaping, if the delay in completion thereof is necessitated by seasonal concerns.

- p. **Days** – Whenever the word “Days” is used to denote time, it shall mean calendar days.
- q. **Debt Service** – The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of the Tax Exemption granted by this Agreement.
- r. **Default** – A breach or failure of the Township or the Entity to perform any obligation imposed by the terms of this Agreement, or under the Exemption Law, beyond any applicable grace or cure periods set forth herein.
- s. **Effective Date** – The date that this Agreement has been executed by both Parties.
- t. **Entity** – Shall mean the entity specified in the preamble of this Agreement, which shall be qualified as an urban renewal entity under the Exemption Law. Unless the context provides otherwise, it shall also include any permitted Transferee, which shall also be qualified as an urban renewal entity under the Exemption Law as set forth in Section 8.1 hereof.
- u. **Excess Net Profits** – The amount of Net Profits that exceeds the Allowable Net Profits (ANP) for the applicable accounting period as determined in accordance with the Exemption Law.
- v. **Exemption Law** – Shall have the meaning specified in the preamble of this Agreement.
- w. **Governmental Approvals** – All governmental consents, approvals, licenses or permits required for Commencement of Construction, Completion of Construction, and use and occupancy of the Project.
- x. **Improvements** – Any building, structure or fixture comprising the Project which is permanently affixed to the Property to be constructed and exempt under this Agreement.
- y. **Land Taxes** – The amount of any real estate taxes levied on the Property, exclusive of any Improvements related thereto.
- z. **Minimum Annual Service Charge** – The amount of the total taxes levied against the Property in the last full tax year in which the Property was subject to taxation.
- aa. **Net Profit** – Annual Gross Revenue (AGR) less all operating and non-operating expenses and costs of the Entity, all determined in accordance with Generally Accepted Accounting Principles and the provisions of *N.J.S.A. 40A:20-3(c)*, but: (1) there shall be included in expenses: (a) all annual service charges paid pursuant to *N.J.S.A. 40A:20-12*; (b) all payments to the municipality of excess profits pursuant to *N.J.S.A. 40A:20-15* or *N.J.S.A. 40A:20-16*; (c) an annual amount sufficient to amortize the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of

any other entity whose revenue is included in the computation of excess profits, over the term of the abatement as set forth in this Agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of Excess Net Profits, including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies, and payments into repair or maintenance reserve accounts; (e) all payments of rent including, but not limited to, ground rent by the Entity (if applicable); (f) all Debt Service; and (2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of Debt Service, income taxes, or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the Entity, or officers, partners or other persons holding any proprietary ownership interest in the Entity.

- bb. **Ordinance** – Shall have the meaning specified in the recitals of this Agreement.
- cc. **Party or Parties** – Shall have the meaning specified in the preamble of this Agreement.
- dd. **Payment Default** – Shall have the meaning specified in the Section 5.4 of this Agreement.
- ee. **Project** – Shall have the meaning specified in the recitals of this Agreement.
- ff. **Property** – Shall have the meaning specified in the recitals of this Agreement.
- gg. **Redevelopment Area** – Shall have the meaning specified in the recitals of this Agreement.
- hh. **Redevelopment Law** – Shall have the meaning specified in the recitals of this Agreement.
- ii. **Redevelopment Plan** – Shall have the meaning specified in the recitals of this Agreement.
- jj. **Rental Unit** – A residential unit within the Project made available for rent to the public.
- kk. **Reserve** – Shall have the meaning specified in Section 6.2 of this Agreement.
- ll. **Secured Party or Secured Parties** – Shall have the meaning specified in Section 8.3(b) of this Agreement.
- mm. **Security Arrangements** – Shall have the meaning defined in Section 8.3(b) of this Agreement.
- nn. **Substantial Completion** – The determination by the Township construction official that the Project, in whole or in part, is ready for the use intended, which shall mean the date on which the Project receives, or is eligible to receive, any Certificate of Occupancy for any portion of the Project.
- oo. **Tax Exemption** – Shall have the meaning specified in the recitals of this Agreement.

- pp. **Tenant** – Any tenant of a Rental Unit.
- qq. **Termination Date** – The earlier to occur of (i) the thirty-fifth (35th) anniversary of the Effective Date; (ii) the thirtieth (30th) anniversary date of the ASC Commencement Date; or (iii) such other date as this Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.
- rr. **Total Project Cost** – Shall be as calculated in accordance with Section 3(h) of the Exemption Law.
- ss. **Township** – Shall have the meaning specified in the preamble of this Agreement.
- tt. **Township Council** – Shall have the meaning specified in the recitals of this Agreement.
- uu. **Transfer** – Shall have the meaning specified in Section 8.1 of this Agreement.
- vv. **Transferee** – Shall have the meaning specified in Section 8.1 of this Agreement.

Section 1.3 Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

A. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this 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 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 Agreement, nor shall they affect its meaning, construction or effect. All references to articles, sections or exhibits in this Agreement shall, unless indicated otherwise, refer to the articles, sections or exhibits in this Agreement.

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 less than ten (10) Days nor more than twenty (20) Days, unless the context dictates otherwise.

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

ARTICLE II - PROJECT AND PROPERTY

Section 2.1. Project, Project Timeline and Project Construction.

(a) Project description. The Entity proposes to redevelop the Property by constructing thereon a four-story, multi-family residential building containing a total of twenty-seven (27) residential rental units, including six (6) units affordable to low- and moderate-income families, forty-two (42) off-street parking spaces, two (2) of which will be designated as ADA-compliant, along with associated on-site and off-site improvements.

(b) Timeline and Implementation of the Project.

(i) Entity shall obtain all Governmental Approvals required for Commencement of Construction no later than ninety (90) Days after the Effective Date;

(ii) Entity shall Commence Construction within sixty (60) Days after the receipt of all Governmental Approvals required for the Commencement of Construction, but in any event not later than June 1, 2026;

(iii) Entity shall Complete Construction on or before twenty four (24) months after the Commencement of Construction, but in any event not later than June 1, 2028.

If, subject to the provisions of this Agreement, the Entity fails, or determines that it will fail, to meet any relevant date for the completion of a task set forth in the Project timeline set forth above, for any reason, the Entity shall promptly provide notice to the Township stating: (i) the reason for the failure or anticipated failure, (ii) the Entity's proposed method for correcting such failure, (iii) the Entity's proposal for revising the timeline, and (iv) the method or methods by which the Entity proposes to achieve subsequent tasks by the relevant dates set forth in the revised Project timeline. The Entity's proposed revisions to the Project timeline shall be subject to the Township's approval, which shall not be unreasonably withheld, conditioned or delayed. Failure by the Entity to diligently implement and complete the Project in accordance with the timeline provided in this Section 2.1(b), shall be a breach of this Agreement.

Section 2.2 Township's Findings.

Pursuant to the Exemption Law, the Township finds that the Tax Exemption granted pursuant to this Agreement will benefit the Township and the community by assuring the success of the redevelopment of the Property, which exhibits the statutorily recognized redevelopment

criteria. The development and construction of the Project, as set forth in this Agreement and the Redevelopment Plan, will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Property; will improve the quality of life for the community; is expected to generate approximately twenty-nine (29) full-time temporary jobs and fourteen (14) full-time permanent jobs; will serve as a catalyst for further private investment in areas surrounding the Property and will enhance the economic development of the Township. The benefits to the Township accruing as a result of the Project, the generation of jobs, the revitalization of the Redevelopment Area, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Township resulting from the Tax Exemption granted herein. It is anticipated that the benefits mentioned in this Agreement will be realized, however, it is understood and agreed that these benefits are speculative and not guaranteed outcomes of the Project.

The Tax Exemption is important to the Township and the Entity because without the incentive of the Tax Exemption, it is unlikely that the Project would be undertaken. The Tax Exemption will allow the Entity to provide a high level of maintenance for the Property and will support the costs of undertaking an inclusionary multi-family residential development in the Redevelopment Area, all of which is expected to attract future occupants to the Project.

Section 2.3 Approval of Agreement.

The Township hereby approves a Tax Exemption for the Project, which is to be constructed, operated and maintained on the Property in accordance with the terms and conditions set forth herein, the provisions of the Exemption Law, and other Applicable Law.

Section 2.4 Approval of the Entity.

The Township hereby approves of the Entity in reliance upon the Entity's representation that its certificate of formation contains all the requisite provisions of law, has been reviewed and approved by the Commissioner of the New Jersey State Department of Community Affairs, and has been filed with, as appropriate, the New Jersey State Department of Treasury, all in accordance with *N.J.S.A. 40A:20-5*.

Section 2.5 Redevelopment of the Property.

The Entity agrees that it will develop, construct, operate and maintain the Project in accordance with the terms of the Redevelopment Plan. The final design of the Project has been approved by the Land Use Board of the Township, in accordance with the Redevelopment Plan.

Section 2.6 Entity's Relationship to Property.

The Property will be owned in fee simple by the Entity. The Entity may, at its discretion, enter into leases with third parties for the use and occupancy of the Property, provided that such lease is in compliance with the terms and conditions of this Agreement and the Exemption Law.

ARTICLE III – OWNERSHIP, MANAGEMENT AND CONTROL

Section 3.1 Entity's Representation.

The Entity represents that it shall remain the fee title owner of the Property throughout the development and construction of same, subject to its right of Transfer in accordance with Section 8.1 hereof.

Section 3.2 Required Provisions of Financial Agreement.

To the extent not otherwise set forth herein, those items required by *N.J.S.A. 40A:20-9* to be included in this Agreement are set forth in the Application attached hereto as **Exhibit B**, which is incorporated herein as if set forth at length, and the Entity represents and warrants as to the accuracy of the contents thereof.

Section 3.3 Fiscal Plan.

The Entity represents that the Improvements shall be financed in accordance with the representations set forth in the Application, including the Fiscal Plan attached thereto, which is also attached hereto as **Exhibit C**. The Application and Fiscal Plan set forth, among other things, the estimated Total Project Cost, amortization rates on the 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.

Section 3.4 Estimated Rental Schedule.

The Entity sets forth its good faith projections of the Annual Gross Revenue from the Project in the Fiscal Plan.

ARTICLE IV - TAX EXEMPTION; ANNUAL SERVICE CHARGE

Section 4.1 Term.

Subject to compliance with this Agreement, this Agreement shall be in effect from the Effective Date through the Termination Date. However, in no case shall this Agreement remain in effect longer than 35 years from the Effective Date. Upon the expiration of this Agreement (i) the tax exemption for the Project shall expire and the Property and the Improvements thereon shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township and (ii) any restrictions and limitations upon the Entity shall terminate upon such Entity's rendering and the Township's acceptance of its final accounting to the Township, pursuant to *N.J.S.A. 40A:20-13*.

Section 4.2 Calculation of Annual Service Charge.

In consideration of the Township granting the Entity the Tax Exemption set forth in this Agreement, the Entity shall pay to the Township for municipal services supplied to the Project, as provided in the Exemption Law, an Annual Service Charge as follows:

(a) **Stage One (Years 1-6):** From the ASC Commencement Date until the sixth anniversary of the ASC Commencement Date, the Annual Service Charge shall be ten percent (10%) of AGR;

(b) **Stage Two (Years 7-11):** From the first day after the sixth anniversary of the ASC Commencement Date until the eleventh anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of eleven percent (11%) of AGR or twenty percent (20%) of the amount of the taxes otherwise due on the value of the Property and the Improvements;

(c) **Stage Three (Years 12-16):** From the first day after the eleventh anniversary of the ASC Commencement Date until the sixteenth anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of twelve percent (12%) of AGR or forty percent (40%) of the amount of the taxes otherwise due on the value of the Property and the Improvements;

(d) **Stage Four (Years 17-21):** From the first day after the sixteenth anniversary of the ASC Commencement Date until the twenty-first anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen percent (13%) of AGR or sixty percent (60%) of the amount of the taxes otherwise due on the value of the Property and the Improvements;

(e) **Stage Five (Years 22-30):** From the first day after the twenty-first anniversary of the ASC Commencement Date until the thirtieth anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen percent (13%) of AGR or eighty percent (80%) of the amount of the taxes otherwise due on the value of the Property and the Improvements.

Section 4.3 Minimum Annual Service Charge.

Notwithstanding anything to the contrary in this Agreement, including, without limitation, Section 4.2 hereof, the Annual Service Charge for the Project shall not be less than the Minimum Annual Service Charge.

Section 4.4 Land Tax Exemption and Duration.

The Property shall be exempt from Land Taxes from the ASC Commencement Date through the Termination Date in accordance with *N.J.S.A. 40A:20-12*; provided however, that if such exemption of Land Taxes is invalidated by a court of competent jurisdiction, then this Agreement shall remain in full force and effect and shall be reformed to provide that:

- (a) Land Taxes are assessed on the Property; and
- (b) the Entity, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the Land Tax payments timely made in the last four (4) preceding quarterly installments.

Section 4.5 Quarterly Installments.

The Annual Service Charge or the Minimum Annual Service Charge, as the case may be, and if applicable, Land Taxes, shall be paid in quarterly installments on those dates when *ad valorem* real estate tax payments on other properties within the Township are due, subject to adjustment for overpayment or underpayment within thirty (30) Days after the close of each calendar year. If the Entity fails to so pay, the amount unpaid shall bear the highest rate of interest permitted in the case of the unpaid taxes or tax liens on the Property until paid. The Entity's failure to make the requisite payments of Annual Service Charge or Minimum Annual Service Charge, or if applicable, Land Taxes, in a timely manner shall constitute a Default under this Agreement, and the Township may, among its other remedies as provided in this Agreement, proceed against the Project pursuant to the In Rem Tax Foreclosure Act, *N.J.S.A. 54:5-1 et seq.* In addition, the Township may terminate this Agreement with respect to the Project in accordance with Section 5.3 hereof. Any Default arising out of the Entity's failure to pay the Annual Service Charge, Minimum Annual Service Charge, or if applicable, Land Taxes, shall not be subject to the dispute resolution remedies provided in Section 5.1.

Section 4.6 Rights and Obligations Related to Tax Exemption.

(a) All Annual Service Charge or Minimum Annual Service Charge payments, as the case may be, made pursuant to this Agreement shall be in lieu of taxes and, as set forth above, the Township shall have the rights and remedies of tax enforcement granted to a municipality by Applicable Law, including those of in rem tax foreclosure pursuant to *N.J.S.A. 54:5-1 et seq.*, just as if said payments constituted regular real property tax obligations on other real properties within the Township.

(b) If the ASC Commencement Date occurs on a date other than the last day of a quarter, the amount of *ad valorem* real estate taxes for such period up to the ASC Commencement Date shall be based on a per diem basis for such quarter.

(c) Any lease of a Rental Unit to a Tenant shall be subject to the terms of this Agreement and shall not require the consent or approval of the Township. Upon the lease of the subject Rental Unit, the Entity, or the Tenant, if required by the terms of its lease agreement, shall be responsible for the payment of the applicable Annual Service Charge or Minimum Service Charge calculated pursuant to this Agreement. Notwithstanding the foregoing, the Township shall look solely to the Entity and not any Tenant with respect to the collection of the unpaid portion of the Annual Service Charge imputed to the Tenant. In other words, the Entity shall be responsible for the full payment of the Annual Service Charge to the Township irrespective of whether the Tenant has or has not paid its portion of the Annual Service Charge to the Entity.

Section 4.7 Remittance to County.

The Township shall remit to the County of Sussex five percent (5%) of the Annual Service Charge received each year from the Entity for the Tax Exemption, pursuant to *N.J.S.A. 40A:20-12(b)(2)(e)*.

Section 4.8 Payment of Conventional Taxes prior to ASC Commencement Date.

The Parties agree that conventional property taxes, including Land Taxes, are due from time to time in accordance with Applicable Law prior to the ASC Commencement Date.

Section 4.9 Administrative Fee.

In addition to the Annual Service Charge, the Entity shall submit to the Township an annual administrative fee in an amount equal to two percent (2%) of the Annual Service Charge (the “**Administrative Fee**”). The Administrative Fee shall be due on or before November 1 in each year following the ASC Commencement Date.

Section 4.10 Other Municipal Services.

Nothing herein shall exempt the Entity from the payment of any applicable municipal service charges or fees applicable to the Project pursuant to Applicable Law. The Entity shall timely pay for municipal services rendered to the Project or to the Property in accordance with the requirements of Applicable Law.

ARTICLE V - DISPUTE RESOLUTION; DEFAULT

Section 5.1 Agreement to Arbitrate.

If the Township or the Entity breaches this Agreement (other than with respect to a Payment Default), or a dispute arises between the Parties regarding the terms and provisions set forth herein, then the Parties shall submit the dispute to arbitration, which shall utilize State law and the arbitration rules of the American Arbitration Association in the State of New Jersey, to be resolved in accordance with its rules and regulations in such fashion as to accomplish the purposes of the Exemption Law and this Agreement. The costs of arbitration shall be borne equally by the Parties involved in the arbitration. The demand for arbitration shall be filed in writing and shall be made within a reasonable time after a dispute or breach occurs. (Section 1.3(F) hereof shall not apply for purposes of the foregoing sentence.) The arbitrator(s) shall make written findings of fact and conclusions of law. Any arbitration award may be appealed by either party to the New Jersey Superior Court, Law Division, with respect to asserted errors of fact or law, and the outcome of such appeal may be further appealed in the State courts, and shall not be limited in any way due to the origin of the action in arbitration.

Notwithstanding the foregoing, if the Entity fails to pay the Annual Service Charge, Minimum Annual Service Charge, the Administrative Fee or if applicable, Land Taxes, the Township among its other remedies, reserves the right to proceed against the Project, pursuant to N.J.S.A. 54:5-1 to -129, and any Act supplementary or amendatory thereof, and shall not be required to submit such matters to arbitration. 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 is pertinent to this Agreement, as if the Annual Service Charge are taxes or municipal liens on land.

Section 5.2 Covenant to Make Payments.

The Entity agrees that the timely payment of the Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Administrative Fee and the Annual Service Charge or the Minimum Annual Service Charge to the Township, as applicable, as well as continued compliance with the Applicable Laws, are material conditions of this Agreement. The failure to make any of the aforesaid payments when due shall constitute both a breach of this Agreement and a tax payment delinquency under Applicable Law.

Section 5.3 Remedies upon Default.

All of the remedies provided in this Agreement, and all rights and remedies granted to the Parties by law and equity, shall be cumulative and concurrent. No termination of any provision within this Agreement shall deprive the Township of any of its remedies in accordance with law or actions against the Entity because of its failure to pay Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Administrative Fee the Annual Service Charge or Minimum Annual Service Charge, as applicable, and/or the water and sewer charges with applicable interest thereon. The bringing of any action due to a Default under this Agreement shall not be construed as a waiver of the right to enforce any other remedy provided in this Agreement. Nothing in this Agreement shall be deemed to create personal liability on the part of any Entity for any of the provisions of this Agreement, or the Township’s rights and remedies to collect any obligation due and owing hereunder to be the same as the Township’s rights and remedies with respect to collection of real estate taxes generally under applicable law.

Section 5.4 Notification of Breach Required.

Other than with respect to the nonpayment or late payment of all or a portion of Land Taxes, the Administrative Fee, Annual Service Charge or Minimum Annual Service Charge, as applicable (any of the foregoing a “**Payment Default**”), the Township shall notify the Entity in writing of any breach relating to the terms of this Agreement. If the Entity fails to cure a Payment Default within ten (10) Days of its occurrence, or fails to cure any other breach within thirty (30) Days after the actual delivery of notice by the Township, or within any additional periods to which the Parties may agree to, in writing (with respect to defaults other than Payment Defaults, the Township shall not unreasonably refuse to grant a reasonable extension of the cure period, not to exceed sixty (60) Days after the Notice, unless the Township in its sole discretion shall agree to a longer cure period), the Township may invalidate the Tax Exemption by providing thirty (30)

Days' written notice to the Entity, which shall inform the Entity that the Tax Exemption shall terminate at the expiration of said thirty (30) Day notice period due to the breach of the terms of this Agreement.

Section 5.5 Force Majeure.

Neither Party shall be liable to the other for failure to perform its obligations under this Agreement due to causes that are beyond the reasonable control and not substantially due to the fault or negligence of the party seeking to excuse delay or failure of performance of an obligation hereunder by reason thereof, including, but not limited to, declarations of public emergency; acts of nature (as to weather-related events, limited to severe and unusual events or natural occurrences such as hurricanes, tornadoes, earthquakes, and floods); acts of the public enemy; acts of terrorism; acts of war; fire; epidemics; quarantine restrictions; blackouts, power failures, or energy shortages; governmental embargoes; strikes or similar labor action by equipment or material suppliers or transporters, or unavailability of necessary building materials. Notwithstanding the foregoing, the payment of Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, Minimum Annual Service Charge and Administrative Fee are Material Conditions of this Agreement which shall not be excused by the occurrence of a force majeure event.

Section 5.6 Certificate of Occupancy.

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a reasonably timely manner. The Township shall reasonably cooperate in processing Entity's request(s) for the issuance of any Certificate(s) of Occupancy.

Section 5.7 Filing of Certificate of Occupancy.

It shall be the responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector of the Township a copy of any Certificate of Occupancy issued for the Project.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph shall not militate against any action or non-action taken by the Township, including, if appropriate, retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

ARTICLE VI - LIMITATION ON PROFITS

Section 6.1 Entity's Covenant of Limitation on Profits.

During the period of tax exemption as provided herein, the 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.

Section 6.2 Permitted Reserves.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount up to ten percent (10%) of the Annual Gross Revenues of the Entity for the prior fiscal year (the “**Reserve**”) 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*.

Section 6.3 Payment of Dividend and Excess Profit Charge.

In accordance with *N.J.S.A. 40A:20-15*, if the Net Profits of the Entity shall exceed the Allowable Net Profits in any accounting period, then the Entity, within ninety (90) Days after the end of the accounting period, shall pay such Excess Net Profits to the Township as an additional Annual Service Charge; provided, however, that the Entity may maintain a Reserve as determined pursuant to Section 6.2.

Section 6.4 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale.

The Termination Date of this Agreement, or the date of sale or transfer of the Improvements, shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) Days after such date, the Entity shall pay to the Township the amount of the Reserve, if any, maintained by it pursuant to Section 6.2, and the Excess Net Profits, if any.

ARTICLE VII - TERMINATION OF AGREEMENT AND INSPECTIONS

Section 7.1 Voluntary Termination of this Agreement by Entity.

Pursuant to the Exemption Law, the Entity or any Transferee may at any time after the expiration of one (1) year from the ASC Commencement Date, notify the Township in writing that, as of a certain date designated in the notice, it relinquishes its status as an urban renewal entity under the Exemption Law and that the Entity, or Transferee, has obtained the consent of the Commissioner of the Department of Community Affairs, if required by Applicable Law. As of that date, all of the obligations and requirements contained in this Agreement shall terminate. Notwithstanding the foregoing, such relinquishment shall not impact the obligation of the Entity or the Transferee, as applicable, to make payment of any Administrative Fee, Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, or Minimum Annual Service Charge that has accrued up to and including the Termination Date, or the obligation of the Entity or the Transferee, as applicable, to perform the final accounting required by the Exemption Law and Section 7.2 below.

Section 7.2 Termination and Final Accounting

Within ninety (90) Days after the Termination Date, whether by affirmative action of the Entity or by virtue of the provisions of the Applicable Law, or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the Township the Reserve, if

any, pursuant to *N.J.S.A. 40A:20-15*, as well as any Excess Net Profits, if any payable as of that date. For purposes of rendering a final accounting, the Termination Date of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 7.3 Taxes After Termination Date

After the Termination Date, the Tax Exemption shall expire, and the relevant portion of the Property and the Improvements constructed thereon shall thereafter be assessed and conventionally taxed according to Applicable Law as other real property in the Township.

Section 7.4 Rights of Inspection

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project by representatives duly authorized by the Township and Division of Local Government Services in the Department of Community Affairs pursuant to *N.J.S.A. 40A:20-9(e)*. The Entity shall also permit, upon written request, examination and audit of its books, contracts, records, documents and papers relating to the Project by representatives duly authorized by the Township and Division of Local Government Services in the Department of Community Affairs pursuant to *N.J.S.A. 40A:20-9(e)*. Such inspection shall be made upon five (5) Days' prior written notice, in the presence of an officer or agent designated by the Entity. To the extent reasonably possible, the inspection will not materially interfere with construction or operation of the Project. Nothing in this section shall be construed to affect, limit or restrict the powers of municipal, county, State or other officials from carrying out those inspections that are generally applicable outside of the Exemption Law context, including, but not limited to, inspections by fire officials, construction code officials, etc.

ARTICLE VIII - SALE OR LEASE OF PROJECT

Section 8.1 Approval of Sale of Project to Entity Formed and Eligible to Operate Under Applicable Law.

The Entity shall not transfer all or any portion of the Project without the prior written approval of the Township, except that after completion of the Project, the Entity shall be permitted to transfer all or any portion of the Project to another urban renewal entity, qualified and organized under the Exemption Law (a "**Transferee**"), and approved by the Township under the conditions set forth herein (each, a "**Transfer**"). As permitted by *N.J.S.A. 40A:20-10(a)*, it is understood and agreed that the Township, on written application by the Entity after completion of the Project, shall consent to a sale of the Project and the transfer of this Agreement provided: (i) the Transferee does not own or lease any other project subject to tax exemption at the time of transfer; (ii) the Transferee is formed and eligible to operate under the Exemption Law; (iii) the Entity is not then in Default of this Agreement or the Exemption Law; (iv) the Entity's obligations under this Agreement are fully assumed by the Transferee; (v) the Transferee agrees to abide 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*, and any other terms and conditions of the Township in regard to the Project; (vi) the Transferee possesses the requisite experience, qualifications, and financial

capacity to operate and manage the Project; and (vii) the principal owners of the Transferee possess the same business reputation, financial qualifications and credit worthiness as the Entity and are otherwise reputable. The Township shall charge an administrative fee of two percent (2%) of the Annual Service Charge due in the year that the transfer is requested for processing any such application for transfer by the Entity.

Notwithstanding the above, it is expressly understood and agreed that the Entity is permitted, without the prior approval of the Township, to effect the following transfers with respect to the Project:

- A. Encumber the Project, e.g., mortgage financing, development easements, etc., provided that any such encumbrance is subordinate to the lien of the Annual Service Charge.
- B. Transfer the ownership interest in the Entity to an Affiliate.
- C. Lease any portion of the Project to an end user, with such Tenant not being required to be an entity eligible to operate under the Exemption Law.

Notwithstanding anything to the contrary contained in A through C, above, or elsewhere in this Agreement, the Parties expressly agree and acknowledge that:

- (i) the Entity shall not enter into any lease, whether or not with an Affiliate or related entity, that shall operate to minimize or remove revenues properly includable in the calculation of Annual Gross Revenue in violation of this Agreement; and
- (ii) prior to completion of the Project, all restrictions on transfer that are set forth herein shall apply in accordance with the terms hereof.

Section 8.2 Obligations of Entity and Transferee after Conveyance.

If the Entity Transfers the Project to a Transferee with the consent of the Township and the Transferee has assumed the contractual obligations of the transferor Entity with the Township, pursuant to Section 8.1 hereof, then the Entity shall be absolutely discharged from any further obligations regarding the Project and shall be qualified to undertake another project pursuant to the Exemption Law. Within ninety (90) Days after the date of a Transfer, the Entity shall pay to the Township any Reserve maintained by it pursuant to this Agreement, as well as any Excess Net Profits payable to the Township pursuant to this Agreement and the Exemption Law.

Section 8.3 Collateral Assignment.

(a) It is expressly understood and agreed that the Entity has the right, to the extent permitted by the Exemption Law, to encumber and/or assign its fee title to the Property and/or Improvements for purposes of (i) financing the design, development and construction of the Project, and (ii) permanent mortgage financing with respect to the Project.

(b) The Township acknowledges that the Entity and/or its affiliates intend to obtain secured financing in connection with the acquisition, development and construction of the Project.

The Township agrees that the Entity and or its affiliates may, subject to compliance with the Exemption Law, 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 Entity, and/or its affiliates, incurred in connection with such secured financing (collectively, the “**Security Arrangements**”). The Entity shall give the Township 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 Township hereunder to provide any notice of Default or notice of intent to enforce its remedies under this Agreement.

(c) If the Entity shall Default in any of its obligations hereunder, the Township shall give written notice of such Default to the Secured Parties and the Township agrees that, in the event such Default is not waived by the Township or cured by the Entity, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Entity hereunder, the Township will provide the Secured Parties a reasonable period of time to cure such Default, but in any event not less than twenty (20) Days from the date of such notice to the Secured Parties with regard to a Payment Default by the Entity and ninety (90) Days from the date the Entity was required to cure any other Default.

(d) In the absence of a Default by the Entity, the Township agrees to consent to any collateral assignment by the 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 Township’s right to payment from the Entity, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

ARTICLE IX - ENTITY'S COVENANTS AND REPRESENTATIONS

Section 9.1 Management and Operation.

Subject to its right to Transfer the Project pursuant to Section 8.1 of this Agreement, the Entity represents and covenants that the Entity will manage the Project or will contract with a third-party management company. The Entity shall be free to enter into leases with Tenants for the Rental Units without the consent of the Township.

Section 9.2 Computation of Gross Revenue.

The Entity shall, for the duration of this Agreement, calculate the Annual Gross Revenue in accordance with the Exemption Law and this Agreement and the computation of Annual Gross Revenue shall be shown on the Entity's Annual Audit Statement.

Section 9.3 Annual Audit Report.

For so long as the Entity owns the Project and within ninety (90) Days after the close of each fiscal or calendar year (depending on the Entity's accounting basis) that this Agreement shall continue in effect, the Entity shall submit to the Mayor of the Township, the Township Council, the CFO of the Township, and the New Jersey Division of Local Government Services within the New Jersey Department of Community Affairs, its Annual Audited Statement for the preceding fiscal or calendar year in accordance with the Exemption Law. The report shall clearly identify and calculate the Net Profit for the Entity during the previous fiscal year. The Entity assumes all costs associated with preparation of the Annual Audited Statements. Except to the extent required by Applicable Law, all financial information provided hereunder shall remain confidential and not subject to public disclosure.

Section 9.4 Total Project Cost Audit

Within ninety (90) Days after the final Certificate of Occupancy is issued for the Project, the Entity shall submit to the Mayor and Township Council, an audit of Total Project Cost, certified as to actual construction costs by the Entity's architect.

Section 9.5 Disclosure Statement

On each anniversary date of the execution of this Agreement, the Entity shall submit to the Mayor and Township Council, 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 Township may request from time to time.

ARTICLE X - INDEMNIFICATION

Section 10.1 Indemnification.

It is understood and agreed that in the event the Township shall be named as a party defendant in any action brought against the Township or the Entity by allegation of any breach, Default or a violation of any of the provisions of this Agreement and/or the provisions of the Exemption Law or any other Applicable Law, the Entity shall indemnify and hold the Township 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 action or inaction of the Entity and/or by reason of any breach, Default or a violation of any of the provisions of this Agreement, the provisions of the Exemption Law and/or any other Applicable Law except for any willful misconduct by the Township or any of its officers, officials, employees or agents, and the Entity shall defend the suit at its own expense. The Township shall be entitled to intervene in any such suit, and retain attorneys of its choosing, whether as party defendant or intervenor, the cost of such attorneys to be borne by the Entity in accordance with this Section.

ARTICLE XI - MISCELLANEOUS PROVISIONS

Section 11.1 Governing Law.

This Agreement shall be governed by the provisions of Applicable Law including but not limited to the Exemption Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Township have combined in their review and approval of same.

Section 11.2 Oral Representation.

Neither Party hereto has made any oral representation that is not contained in this Agreement. This Agreement and the Application, including all the Exhibits attached and annexed thereto, constitute the entire Agreement by and between the Parties.

Section 11.3 Modification; Prior Agreements Superseded.

There shall be no modification of this Agreement except by virtue of a written instrument executed by and between both Parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof, which continue to be in full force and effect.

Section 11.4 Notices

A notice, demand or other communication required to be given under this Agreement by any Party to the other shall be in writing and shall be sufficiently given or delivered if dispatched by United States Registered or Certified Mail, postage prepaid and return receipt requested, or delivered by overnight courier or delivered personally (with receipt acknowledged) to the parties at their respective addresses set forth herein, or at such other address or addresses with respect to the parties or their counsel as any party may, from time to time, designate in writing and forward to the others as provided in this Section:

a) When sent by the Township to the Entity:

Omega Drive Redevelopment Urban Renewal, LLC
241 Hudson Street
Hackensack, New Jersey 07601
Attention: Lauran M. O'Neill, Esq.

b) When sent by the Entity to the Township:

Tina Kraus, Business Administrator
Township of Vernon

21 Church Street
Vernon, New Jersey 07462

with a copy to:

Matthew D. Jessup, Esq.
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068

From time to time either Party may designate a different person or address for all the purposes of this Notice provision by giving the other Party no less than ten (10) Days' notice in advance of such change of address in accordance with the provisions hereof. Notices shall be effective upon the earlier of receipt or rejection of delivery by the addressee. Any notice given by an attorney for a party shall be effective for all purposes. In addition, if the Entity delivers formal written notice to the Township in accordance with this Agreement, of the name and address of Entity's mortgagee, then the Township shall provide such mortgagee with a copy of any notice required to be sent to the Entity.

Section 11.5 Severability.

If any term, covenant or condition of this Agreement shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by Applicable Law.

If any portion of this Agreement shall be judicially declared to be invalid and unenforceable and provided that a Default has not been declared pursuant to this Agreement, the Parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the Parties, including, but not limited to the authorization and amendment of this Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

Section 11.6 Good Faith.

The Parties agree to act in good faith in all of their dealings with each other.

Section 11.7 Certification.

The Township Clerk shall certify to the Tax Assessor, pursuant to *N.J.S.A. 40A:20-12*, that this Agreement has been entered into and is in effect as required by the Exemption Law. Delivery by the Township Clerk to the Tax Assessor of a certified copy of the Ordinance and this Agreement shall constitute the required certification. Upon certification as required hereunder and upon the ASC Commencement Date, the Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the Township Clerk until the expiration of

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

Further, within ten (10) Days following the later of the effective date of the Ordinance or the execution of this Agreement by the Entity, the Township Clerk shall transmit a certified copy of the Ordinance and the Agreement to the chief financial officer of Sussex County and to the Sussex County counsel for informational purposes.

Section 11.8 Counterparts.

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.

Section 11.9 Estoppel Certificate

Within thirty (30) Days following written request therefore by the Entity, or any mortgagee, purchaser, tenant or other party having an interest in the Project, the Township shall issue a signed estoppel certificate in reasonable form stating that (i) this Agreement is in full force and effect, (ii) to the best of the Township's knowledge, no Default has occurred under this Agreement (nor any event which, with the passage of time and/or the giving of notice would result in the occurrence of a Default) or stating the nature of any Default, and (iii) stating any such other reasonable information as may be requested. In the event the estoppel certificate discloses a Default, it shall also state the manner in which such Default may be cured.

[Signature Page Follows]

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

Attest:

TOWNSHIP OF VERNON

Marcy Gianattasio, Township Clerk

By: _____
Anthony L. Rossi, Mayor

SEAL

Dated: _____

**OMEGA DRIVE REDEVELOPMENT URBAN
RENEWAL, LLC**

Dated: _____

By: _____
Name:
Title: Manager

STATE OF NEW JERSEY)
)
COUNTY OF) SS.:

Be it remembered that on the ____ day of _____, 2025, _____
personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) [he/she] is the Managing Member of Omega Drive Redevelopment Urban Renewal, LLC, the limited liability company named as Entity in the attached Financial Agreement;
- (b) [he/she] is authorized to execute the attached Financial Agreement on behalf of the Entity;
- (c) [he/she] executed the attached Financial Agreement on behalf of and as the act of the Entity; and
- (d) the attached Financial Agreement was signed and made by the Entity as its duly authorized and voluntary act.

STATE OF NEW JERSEY)
)
COUNTY OF SUSSEX) SS.:

Be it remembered that on the ____, day of _____, 2025, Anthony L. Rossi personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

(a) he is the Mayor of the Township of Vernon, New Jersey, the Township in the attached Financial Agreement;

(b) he is authorized to execute the attached Financial Agreement on behalf of the Township;

(c) he executed the attached Financial Agreement on behalf of and as the act of the Township; and

(d) the attached Financial Agreement was signed and made by the Township as its duly authorized and voluntary act.

EXHIBIT A
PROPERTY DESCRIPTION – METES & BOUNDS

Exhibit 5

METES AND BOUNDS DESCRIPTION

Property Description

Property 1:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

BEING known and designated as Lot 3 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Section 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 2, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 19 Omega Drive, Vernon, New Jersey 07462.

Property 2:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

BEING known and designated as Lot 2 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Sections 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 3, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 21 Omega Drive, Vernon, New Jersey 07462.

EXHIBIT B
APPLICATION

Application for Long Term Tax Abatement

Red Hand, LLC

Name of Applicant

241 Hudson Street
Hackensack, NJ 07601

Address of Applicant

19-21 Omega Drive
Vernon, NJ 07462

Address of Project Site

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 abatement 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 abatement 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 abatements must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs. (Low and moderate income housing projects located in particular areas may be exempt from this requirement in certain cases.)
- 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 abatement.

Completed applications should be submitted to:

**Mayor Anthony Rossi
Township of Vernon
21 Church Street
Vernon, NJ 07462**

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

**Donelle Bright
Chief Financial Officer
Township of Vernon
21 Church Street
Vernon, NJ 07462**

II. Developer Identification:

A. Name of Applicant: Red Hand, LLC

B. Principal Address: 241 Hudson Street, Hackensack, NJ 07601

C. Type of Entity (check one)

☐ Corporation ☒ LLC ☐ LLP ☐ Partnership ☐ Other (please specify)

D. Contact Information

1.) Name of Primary Contact: Lauran M. O'Neill

2.) Contact Numbers:

a. Phone: (201)488-4455

b. Fax: (201)487-2504

c. Email: loneill@onekeyllc.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:

Louis Kaufman, 241 Hudson Street, Hackensack, NJ 07601

F. Federal Tax Identification Number: 27-2534417

G. Disclosure of Ownership:

New Jersey law (NJSA 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 provide the necessary information utilizing the form provided with Exhibit 1 of this application.

H. Certificates of Incorporation and Approval:

Please provide a copy of the approved certificate of incorporation or formation by the State of New Jersey for the entity applying for the abatement. 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 ☐ Other (specify)

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

☒ Residential; ☐ Retail; ☐ Office; ☐ Manufacturing;
☐ 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:

100% Residential; ☐ % Retail; ☐ % Office; ☐ % Manufacturing;
☐ % Other (specify here _____)

C. Marketing Expectation:

☐ For Sale ☒ For Lease ☐ Both

D. Project Location:

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

19-21 Omega Drive, Vernon, New Jersey 07462

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 402, Lots 2 and 3

3. Metes and Bounds Description:

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

Attached.

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.

Attached.

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.

Attached.

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 low income households:	3
Number of units for moderate income households:	3
Number of market rate units:	<u>21</u>
Total number of residential units:	27

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: X Yes No

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.

Attached.

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.

Vacant land with minor site work and clearing done to date.

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	Land	Improvement	Total	2025 Taxes
402	2	\$81,100	\$0.00	\$81,000	\$1,902
402	3	\$81,800	\$0.00	\$81,800	\$1,918

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)
-------	-----	---

All fees and assessments paid to date and current.

J. Site Plan Approval:

Provide a copy of the site plan, if any, 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, with the required certification, 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, with the required certification, 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 abatement 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 Abatement:

Provide an explanation of why the applicant believes that a long term tax abatement 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 generated by the project through the payment of taxes, payments in lieu of taxes, water and sewer fees and any other municipal payments. Attach the description as Exhibit 18 of the application.

IV. Abatement Information:

A. Annual Service Charge to be based on: (check one)

 X Annual Gross Revenue (Non-condominium) Project Cost
 Imputed debt service

B. Term Requested:

 30 Years

C. Proposed Rates and Phases:

Starting Year	Ending Year	Rate	Phase-out (alternative method)
---------------	-------------	------	--------------------------------

Stage 1 – 10% AGR in years 1-6

Stage 2 – Greater of 11% of AGR or 20% of conventional taxes in years 7-11

Stage 3 – Greater of 12% of AGR or 40% of conventional taxes in years 12-16

Stage 4 – Greater of 13% of AGR or 60% of conventional taxes in years 17-21

Stage 5 – Greater of 13% of AGR or 20% of conventional taxes in years 22-30

D. Form of Financial Agreement:

Attach the proposed form of the financial agreement as Exhibit 19 of the application. The correct form for your project type should be attached to this application. Please note that the final financial agreement provides that a sealed certification by the project architect as to the final project cost must be submitted so that it can be added to the agreement within 60 days after the issuance of the Certificate of Occupancy for the project.

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 abatement application. Any work done on the assumption of receipt of a tax abatement 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 abatement be granted for a project that has already reached substantial completion.**
- G. 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 contained herein, including, but not limited to the information contained in the Exhibits attached hereto, 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:



Name: Lauran O'Neill

Title: Authorized Signatory

10/8/2025
Date

**Please notarize here or
provide attestation and
seal of corporate secretary**



Mary J Greene
NOTARY PUBLIC
State of New Jersey
My Commission Expires 08/13/2029

EXHIBITS

The following is a check-list of required exhibits that must be attached to the application and are hereby incorporated as it sets forth at length in the application:

<u>Exhibit #</u>	<u>Description</u>	<u>Included?</u>
A		
1	Disclosure of Ownership	☒
2	Certificate of Incorporation	☒
3	Certificate of DCA Approval of Urban Renewal Entity	Pending
4	Resolution Authorizing Submission of Application	☒
5	Metes and Bounds Description	☒
6	Survey	☒
7	Copy of Deed or Lease Agreement	☒
8	Narrative Description of Project	☒
9	Site Plan as Approved by Planning Board	☒
10	Site Plan Approval Resolution	☒
11	Total Project Cost Estimate	☒
12	Cost Estimates for Each Unit Type	☒
13	Project Pro-Forma	☒
14	Project Financing Plan	☒
15	Private Financing Commitments	☒
16	Explanation of the Need for Tax Abatement	☒
17	Project Schedule	☒
18	Summary of Project Benefits	☒
19	Form of Financial Agreement	☒

DISCLOSURE OF OWNERSHIP

Instructions:

New Jersey law (NJSA 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.

DISCLOSURE OF OWNERSHIP

Name	Address	Title	% Owned
Paula O'Neill	241 Hudson Street Hackensack, NJ 07601	Member	20
Trust F/B/O Fina Christina O'Neill, Dated June 18, 2025	241 Hudson Street Hackensack, NJ 07601	Member	20
Trust F/B/O Clara Asumpta O'Neill, Dated June 18, 2025	241 Hudson Street Hackensack, NJ 07601	Member	20
Trust F/B/O Lauran O'Neill, Dated June 18, 2025	241 Hudson Street Hackensack, NJ 07601	Member	20
Trust F/B/O Corey Patrick O'Neill, Dated June 18, 2025	241 Hudson Street Hackensack, NJ 07601	Member	20

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed this 8th day of October 2025.

Lauran O'Neill

Affiant
(Authorized Agent of Corporation)

Sworn and Subscribed before
me this 8 day of October, 2025

Lauran O'Neill, Authorized Signatory
Print name and title of Affiant

M Greene
(Notary Public)

Mary J Greene
NOTARY PUBLIC
State of New Jersey
My Commission Expires 08/13/2029

CERTIFICATE OF INCORPORATION

Please attach a copy of the approved certificate of incorporation of the entity applying for the abatement to this sheet.

NEW JERSEY DEPARTMENT OF TREASURY
DIVISION OF REVENUE

CERTIFICATE OF FORMATION

RED HAND, LLC
0400290027

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey State Law on 06/02/2009 and was assigned identification number 0400290027. Following are the articles that constitute its original certificate.

1. **Name:**
RED HAND, LLC
2. **Registered Agent:**
LOUIS KAUFMAN
3. **Registered Office:**
241 HUDSON STREET
HACKENSACK, NJ 07601
4. **Business Purpose:**
ANY LAWFUL PURPOSE

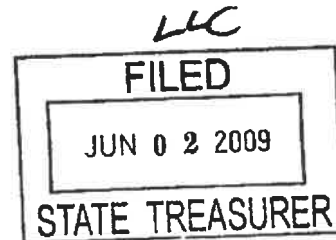
Signatures:
HEATHER CHAPMAN
AUTHORIZED REPRESENTATIVE



Certificate Number: 114520270

Verify this certificate online at

https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp



IN TESTIMONY WHEREOF, I have
hereunto set my hand and
affixed my Official Seal
at Trenton, this
3rd day of June, 2009

A handwritten signature in dark ink, appearing to read "R. David Rousseau".

R. David Rousseau
State Treasurer

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).

Application Has Been Submitted to DCA

RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

Please attach a notarized resolution that follows the format below:

RESOLUTION OF RED HAND, LLC

PLEASE TAKE NOTICE that a meeting of the Member of RED HAND, LLC (the "Company") was held and at which time the following RESOLUTION was unanimously adopted:

RESOLVED that the Company is authorized to submit an application to the Municipality for the provision of a long term tax abatement.

BE IT FURTHER RESOLVED that if the Company's application is accepted by the Municipality, Paula O'Neill, as the Manager, is authorized to execute and deliver on the Company's behalf, the Financial Agreement with the Municipality, substantially in the form attached to the application as Exhibit 19, with such changes thereto as may be negotiated by the parties.

The undersigned Members of the Company hereby certifies that the foregoing Resolution was lawfully adopted by the Member of the Company, 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 said Resolution has not been amended and is in full force and effect as of the date hereof.

MEMBERS:

~~RED HAND, LLC~~

By: 
Name: Paula O'Neill
Title: Manager

Date: _ 10/ 1 /25

~~TRUST F/B/O FINA CHRISTINA O'NEILL, DATED JUNE 18, 2015~~

By: 
Name: Paula O'Neill
Title: Trustee

Date: _ 10/ 1 /25

TRUST F/B/O CLARA ASUMPTA O'NEILL, DATED JUNE 18, 2015

By: [Signature] Date: 10/7/25
Name: Paula O'Neill
Title: Trustee

TRUST F/B/O LAURAN O'NEILL, DATED JUNE 18, 2015

By: [Signature] Date: 10/7/25
Name: Paula O'Neill
Title: Trustee

TRUST F/B/O COREY PATRICK O'NEILL, DATED JUNE 18, 2015

By: [Signature] Date: 10/7/25
Name: Paula O'Neill
Title: Trustee

Notary Acknowledgement

State of New Jersey
County of Bergen

On this 7 day of October, 2025, before me, a Notary Public in and for said State, personally appeared PAULA O'NEILL, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

[Signature]
Notary Public

Mary J Greene
NOTARY PUBLIC
State of New Jersey
My Commission Expires 08/13/2029

Exhibit 5

METES AND BOUNDS DESCRIPTION

Property Description

Property 1:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

BEING known and designated as Lot 3 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Section 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 2, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 19 Omega Drive, Vernon, New Jersey 07462.

Property 2:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

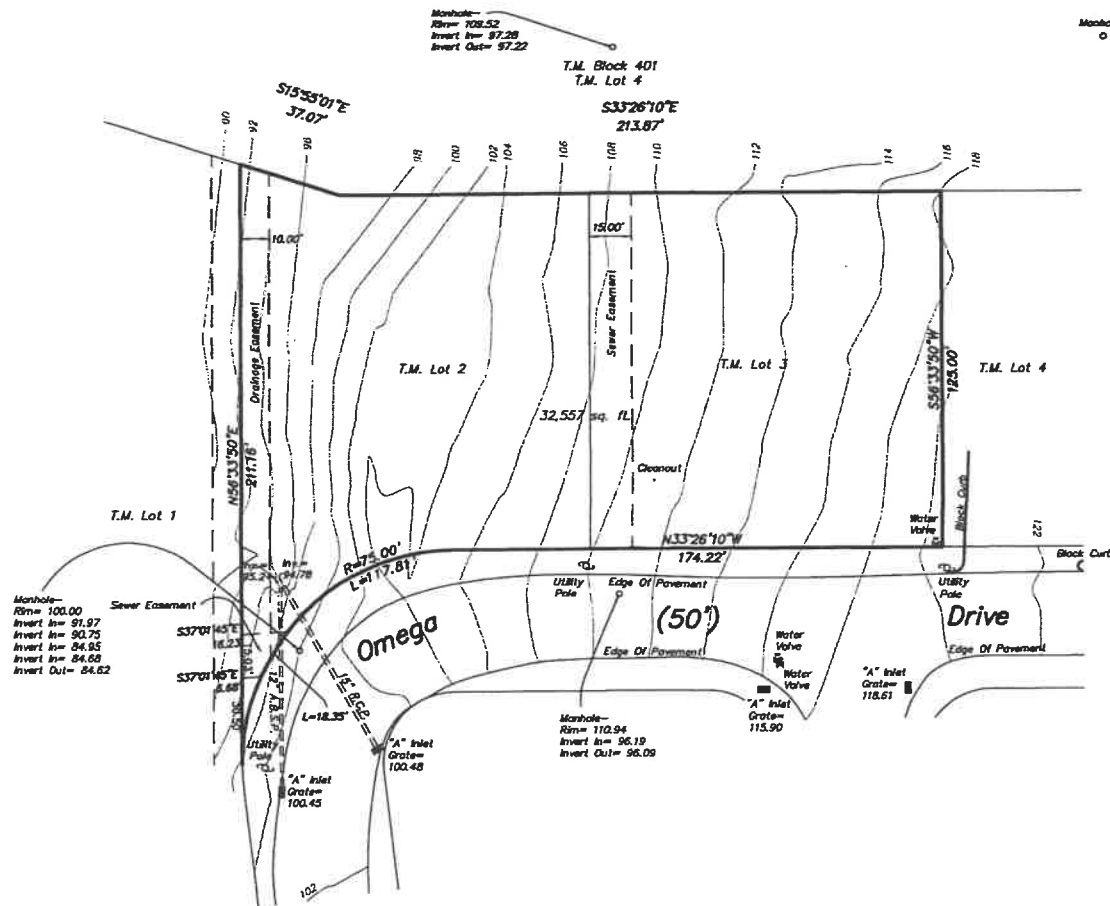
BEING known and designated as Lot 2 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Sections 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 3, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 21 Omega Drive, Vernon, New Jersey 07462.

SURVEY

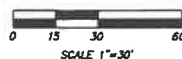
Attach survey of the project. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.



CAUTION: IF THIS DOCUMENT DOES NOT CONTAIN THE RAISED IMPRESSION SEAL OF THE PROFESSIONAL, IT IS NOT AN ORIGINAL DOCUMENT, AND MAY HAVE BEEN ALTERED.

General Notes and Map References:

1. Being Lots 2 & 3 in Block 402 As Shown On the Township Of Vernon Tax Map.
2. Deed Book 10225, Page 1790.
3. Being Lots 2 & 3 in Block 141-C On A Certain Map Entitled "Map Of Property Of Map Of Vernon Heights, Section 5, Vernon Township, Sussex County, N.J." Filed in the Sussex County Clerk's Office as Map No. 417.
4. A Written Waiver and Direction Not To Set Corner Markers Has Been Obtained From The Ultimate User Pursuant To P.L. 2003, c.14 (N.J.S.A. 45:8-36.3) and N.J.A.C.13:40-3.1 (d).
5. Offsets Shown Are For Title Purposes Only and Shall Not Be Used To Determine Boundaries For Construction and Maintenance.



TO: RED HAND LLC		PLAN OF SURVEY	
AND ANY INSUROR OR TITLE RELYING HEREON AND ANY PARTY IN INTEREST: IN "IN CONSIDERATION OF THE FEE PAID FOR MAKING THIS SURVEY, I HEREBY STATE TO ITS ACCURACY (EXCEPT SUCH EASEMENTS IF ANY THAT MAY BE LOCATED BELOW THE SURFACE OF THE LANDS OR ON THE SURFACE OF THE LANDS AND NOT VISIBLE) AS AN INDUCEMENT FOR ANY INSUROR OF TITLE TO INSURE THE TITLE TO THE LAND AND PREMISES SHOWN THEREON." I HEREBY STATE THIS PLAN TO BE IN ACCORDANCE WITH A SURVEY MADE 03/12/24 DATE 3-20-24		RED HAND LLC BLOCK 402 LOTS 2 & 3 19 & 21 OMEGA DRIVE VERNON TOWNSHIP SUSSEX COUNTY NEW JERSEY	
		RHJ ASSOCIATES PROFESSIONAL LAND SURVEYING & PLANNING 6 LAKESHORE DRIVE EAST HIGHLAND LAKES, NEW JERSEY 07422 NJIDA #01 0467 PLS 673-764-9888	
ROBERT H. JORDAN, JR. NEW JERSEY PROFESSIONAL LAND SURVEYOR NO. 2405034485000 This statement is made only to have on record portion for purchase and/or mortgage of lands distributed property by other means purposes. The responsibility is assumed by Surveyor for use of survey for any other purpose including, but not limited to, use of survey for survey of lands, records of property, or to any other person not named in statement, either directly or indirectly.		SCALE: 1"=30'	DATE: 03/30/24
CHECKED BY: R.H.J.		DRAWING NO. 22-013	SHEET 1

COPY OF DEED OR LEASE AGREEMENT

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

EXHIBIT 7

SUSSEX COUNTY RECORDING COVER PAGE Honorable Jeffrey M. Parrott Sussex County Clerk  This cover page is required to be part of any document affecting land title being recorded in Sussex County, New Jersey. It is part of the recorded instrument and permanent record and should not be detached from the original document.	Official Use Only - Barcode FILE NUMBER 2023000983 RECORDED 01/12/2023 15:43:07 O - Bk 10225 Pg 1790, DEED JEFFREY M. PARROTT SUSSEX COUNTY, NJ RCPT # 1954 RECORDING FEES 90.00 TOTAL TAX 2.00 INDEX FEE
Record and Return To: Main Street Title 190 Main St Ste 305 Hackensack, NJ 07601-7315	Official Use Only - Realty Transfer Fee

Date of Document: 2022-12-26	Type of Document: DEED
First Party Name: Bright Horizons Development LLC	Second Party Name: Red Hand LLC
Additional Parties To Be Indexed:	

PROPERTY INFORMATION (MANDATORY FOR DEEDS)	
Block: 402	Lot: 2
Municipality Vernon Township	
Consideration: 10.00	
Mailing Address of Grantee: 241 Hudson Street Hackensack, NJ 07601	

THIS SECTION PERTAINS TO ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES, ETC. WHICH REQUIRE YOU PROVIDE THE ORIGINAL INSTRUMENT'S BOOK & PAGE RECORDING INFORMATION.	
Original Book:	Original Page:

SUSSEX COUNTY RECORDING COVER PAGE Do not detach this page from the original document as it contains important recording information and is part of the permanent record.

PLEASE RECORD AND RETURN TO:

Main Street Title & Settlement
Services, LLC
190 Main Street, Suite 305,
Hackensack, NJ 07601

Prepared by

Lauran M. O'Neill, Esq.

DEED

This Deed is made on December 26, 2022

BETWEEN BRIGHT HORIZONS DEVELOPMENT, LLC

whose address is: **241 Hudson Street, Hackensack, NJ 07601**

referred to as the **Grantor**.

AND RED HAND, LLC

whose address is: 241 Hudson Street, Hackensack, NJ 07601

referred to as the **Grantee**.

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

TRANSFER OF TITLE. The grantor does hereby grant and convey the property described below to the Grantee.

CONSIDERATION. This transfer of ownership is made for the sum and consideration of \$10.00. The Grantor acknowledges receipt of this money.

TAX MAP REFERENCE. The property located in the Municipality of VERNON
Track #1: Block 402, Lot 2 (19 Omega Dr., Vernon, NJ)
Track #2: Block 402, Lot 3 (21 Omega Dr., Vernon, NJ)
No account number is available on the date of this Deed.

PROPERTY DESCRIPTION. The property consists of all the land, buildings, structures and improvements contained on the property, and is located in the Township of Vernon, County of Sussex and State of New Jersey, and is described as follows:

X See Schedule A attached and made a part thereof.

BEING THE SAME LAND AND PREMISES conveyed to the Grantor by deed from Cecilio P. Po and Amancia P. Po dated April 12, 2022 and recorded in the Sussex County Clerk's Office on
in Deed Book Page

PROMISES BY GRANTOR. The Grantor promises and warrants that Grantor, by acts of the Grantor, has not encumbered the property. This promise means that the Grantor has not allowed anyone else to obtain any legal right which would affect the property being transferred (such as a mortgage or entering a judgment against the Grantor).

SIGNATURES. The Grantor signs this Deed as of date first above written.


Witness

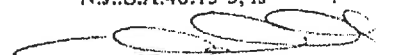

PAULA O'NEILL, MEMBER
BRIGHT HORIZONS DEVELOPMENT, LLC

STATE OF NEW JERSEY:

ss:

COUNTY OF BERGEN:

I CERTIFY that on December 26, 2022, Paula O'Neill, personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):
(a) is named in and personally signed this Deed.
(b) signed, sealed and delivered this Deed as his/her act and deed; and
(c) the full and actual consideration paid or to be paid for the transfer of title as defined by N.J.S.A.46:15-5, is
MEMBER, BRIGHT HORIZONS DEVELOPMENT, LLC


Notary Public



GIT/REP-3
(2-21)
(Print or Type)

State of New Jersey
Seller's Residency Certification/Exemption

Seller's Information

Name(s)

BRIGHT HORIZONS DEVELOPMENT, LLC

Current Street Address

241 HUDSON STREET

City, Town, Post Office

HACKENSACK

State

NJ

ZIP Code

07601

Property Information

Block(s)

402

Lot(s)

2 and 3

Qualifier

Street Address

19 - 21 OMEGA DRIVE

City, Town, Post Office

VERNON

State

NJ

ZIP Code

07462

Seller's Percentage of Ownership

100

Total Consideration

\$10.00

Owner's Share of Consideration

\$10.00

Closing Date

12/26/2022

Seller's Assurances (Check the Appropriate Box) (Boxes 2 through 16 apply to Residents and Nonresidents)

1. ☒ Seller is a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to the New Jersey Gross Income Tax Act, will file a resident Gross Income Tax return, and will pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property sold or transferred is used exclusively as a principal residence as defined in 26 U.S. Code section 121.
3. ☐ Seller is 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 an individual, estate, or trust and is not required to make an estimated Gross Income Tax payment.
6. ☐ The total consideration for the property is \$1,000 or less so the seller is not required to make an estimated Income Tax payment.
7. ☐ The gain from the sale is not recognized for federal income tax purposes under 26 U.S. Code section 721, 1031, or 1033 (CIRCLE THE APPLICABLE SECTION). If the indicated 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 and report the recognized gain.
☐ Seller did not receive non-like kind property.
8. ☐ The real property is being transferred 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 intestate laws of this State.
9. ☐ The real property being sold is subject to a short sale instituted by the mortgagee, whereby the seller agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. ☐ The deed is dated prior to August 1, 2004, and was not previously recorded.
11. ☐ The real property is being transferred under a relocation company transaction where a trustee of the relocation company buys the property from the seller and then sells the house to a third party buyer for the same price.
12. ☐ The real property is being transferred between spouses or incident to a divorce decree or property settlement agreement under 26 U.S. Code section 1041.
13. ☐ The property transferred is a cemetery plot.
14. ☐ The seller is not receiving net proceeds from the sale. Net proceeds from the sale means the net amount due to the seller on the settlement sheet.
15. ☐ The seller is a retirement trust that received an acknowledgment letter from the Internal Revenue Service that the seller is a retirement trust, and is therefore not required to make the estimated Gross Income Tax payment.
16. ☐ The seller (and/or spouse/civil union partner) originally purchased the property while a resident of New Jersey as a member of the U.S. Armed Forces and is now selling the property as a result of being deployed on active duty outside of New Jersey. (Only check this box if applicable and neither boxes 1 nor 2 apply.)

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 may 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. By checking this box ☐ I certify that a Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

12/26/2022

Date

Signature (Seller)

Indicate if Power of Attorney or Attorney in Fact

Paula O'Neill, Member

Date

Signature (Seller)

Indicate if Power of Attorney or Attorney in Fact

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER
(Chapter 49, P.L.1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.
STATE OF NEW JERSEY

COUNTY Bergen } SS. County Municipal Code 1922
MUNICIPALITY OF PROPERTY LOCATION Vernon

FOR RECORDER'S USE ONLY

Consideration \$ _____
RTP paid by seller \$ _____
Date _____ By _____

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions #3 and #4 on reverse side)

Deponent, Norma Russo being duly sworn according to law upon his/her oath,
(Name)
deposes and says that he/she is the Officer of Title Company in a deed dated 12/26/2022 transferring
(Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.)
real property identified as Block number 402 Lot number 2 & 3 located at
19-21 Omega Drive, Vernon and annexed thereto.
(Street Address, Town)

(2) CONSIDERATION \$ 10.00 (Instructions #1 and #5 on reverse side) ☐ no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:
(See Instructions #5A and #7 on reverse side)

Total Assessed Valuation + Director's Ratio = Equalized Assessed Valuation

\$ _____ + _____ % = \$ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) FULL EXEMPTION FROM FEE (See Instruction #8 on reverse side)

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE (Instruction #9 on reverse side)

NOTE: All boxes below apply to grantor(s) only. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED.** Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004, and C. 66, P.L. 2004 for the following reason(s):

- A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over. * (Instruction #9 on reverse side for A or B)
B. **BLIND PERSON** Grantor(s) ☐ legally blind or; *
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ receiving disability payments ☐ not gainfully employed *

Senior citizens, blind persons, or disabled persons must also meet all of the following criteria:
☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. LOW AND MODERATE INCOME HOUSING (Instruction #9 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.

- ☐ Affordable according to H.U.D. standards. ☐ Reserved for occupancy.
☐ Meets income requirements of region. ☐ Subject to resale controls.

(6) NEW CONSTRUCTION (Instructions #2, #10 and #12 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.

- ☐ Entirely new improvement ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ "NEW CONSTRUCTION" printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES (Instructions #5, #12, #14 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.

- ☒ No prior mortgage assumed or to which property is subject at time of sale.
☒ No contributions to capital by either grantor or grantee legal entity.
☒ No stock or money exchanged by or between grantor or grantee legal entities.

(8) INTERCOMPANY TRANSFER IF APPLIES ALL BOXES MUST BE CHECKED. (Instruction #15 on reverse side)

- ☐ Intercompany transfer between combined group members as part of the unitary business
☐ Combined group NU ID number (Required) _____

(9) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me
this 10th day of JANUARY, 20 23

Eileen Deady

EILEEN DEADY
A Notary Public of New Jersey
My Commission Expires 03/07/2023

Signature of Deponent
Paula O'Neill
190 Main Street, Hackensack, NJ

Grantor Name
Paula O'Neill, Member Bright H
241 Hudson Street, Hackensack NJ

Deponent Address
xxx-xx-x 335
Last three digits in Grantor's Social Security Number

Grantor Address at Time of Sale
Main Street Title & Settlement
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY

Instrument Number _____ County _____
Deed Number _____ Book _____ Page _____
Deed Dated _____ Date Recorded _____

County recording officers shall forward one copy of each RTP-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division of Taxation website at:
<https://www.state.nj.us/treasury/taxation/ipt/localtax.shtml>



Exhibit A

ALTA COMMITMENT

Property Description

Property 1:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

BEING known and designated as Lot 3 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Section 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 2, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 19 Omega Drive, Vernon, New Jersey 07462.

Property 2:

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Vernon, County of Sussex, and State of New Jersey and is bounded and described as follows:

BEING known and designated as Lot 2 in Block 141-C as shown on a certain map entitled Map of Vernon Heights, Sections 6, Vernon Township, Sussex County, New Jersey, which map was filed in the office of the Clerk of Sussex County on 12/08/1971 as Filed Map No. 417.

FOR INFORMATIONAL PURPOSES ONLY: BEING known as Tax Lot 3, in Tax Block 402, on the Official Tax Map of the Township of Vernon.

FOR INFORMATIONAL PURPOSES ONLY: The mailing address is: 21 Omega Drive, Vernon, New Jersey 07462.

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; and Schedule B, Part II – Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

ORT Form 4690 8-1-16

Exhibit A

ALTA Commitment for Title Insurance

Old Republic National Title Insurance Company

Page 12 of 13

EXHIBIT 8

Narrative Description of Project

PROJECT OVERVIEW:

The proposed development is construction of a four-story, multi-family residential building situated at Block 402, Lots 2 and 3, in Vernon Township, Sussex County, New Jersey. This initiative seeks to provide high-quality, comfortable living spaces, incorporating modern amenities, top-of-the-line finishes, and energy-efficient appliances. The site, currently vacant land, spans approximately 0.3892 acres (Lot 2) and 0.3587 acres (Lot 3) with an accumulated lot acreage of 0.7479 acres within the Town Center (TC) Zone. It is intended that the aforementioned lots will be merged into one lot. With a combined lot width of 276 feet, the development plans feature a front yard set at 12.57 feet and a side yard of 10 feet on the south side and 114.68 feet on the north side, ensuring ample spacing from adjacent properties. The planned building lot coverage is set at 26%, with an impervious surface coverage of 74.6%, balancing the built environment with necessary green and open spaces.

BUILDING SPECIFICATIONS:

Building Area – The project occupies a total building footprint of 8,553 square feet. The project has a total residential square footage of approximately 35,722.

Height – The building is four (4) stories with a proposed maximum height of 49.26 feet. Construction will be wood frame over concrete slab.

CONSTRUCTION MATERIALS:

Exterior: The building architecture is inspired by traditional mountain design. Exterior building materials will be cultured stone for the first and second floors with the remaining floors consisting of a heritage color palette of James Hardie siding 7" with James Hardie panel, James Hardie trim, James Hardie corner, aluminum railing, and composite roof shingles. The roof shingles will be 3' x 6' panels to conceal rooftop mechanical equipment. The roof will have a gable design with decorative trusses/parapet, and a decorative chimney.

Interior: The apartments will have water-efficient fixtures, energy-star appliances, energy efficient light fixtures, maximization of natural light through windows and energy-efficient heating and cooling systems, highlighting the project's commitment to energy efficiency. All cabinets are wood with granite countertops and backsplashes. Flooring throughout the units will be a mix of vinyl and tile, chosen for durability, ease of maintenance and aesthetic appeal.

UNIT DESCRIPTIONS AND LAYOUTS:

The development includes 27 dwelling of which 6 will be deed-restricted affordable units.

The following chart depicts the unit breakdown for the project:

Floor	# 1 Bedroom Units	# 2 Bedroom Units	# 3 Bedroom Units	Total # of Units
1	3	3	0	6
2	3	3	1	7
3	3	3	1	7
4	3	3	1	7
Total	12	12	3	27

The chart below displays the dwelling unit breakdown by floor area:

Unit Type	Square Footage	First Floor	Second Floor	Third Floor	Fourth Floor	Total # of Units
1 Bedroom	782 SF	1	0	0	0	1
	864 SF	2	2	2	2	8
	890 SF	0	1	1	1	3
2 Bedroom	1,025 SF	2	2	2	2	8
	1,140 SF	1	1	1	1	4
3 Bedroom	1,480 SF	0	1	1	1	3
Total		6	7	7	7	27

There will be a lobby area with an elevator, parcel and mailbox room, gym and a community room for the residents.

PARKING AND ACCESSIBILITY:

There will be 42 off-street surface parking spaces, with two (2) designated as ADA compliant handicap spaces, all facilitating easy access to the building. There will also be an electric vehicle charging space. Parking lot aisle width is approximately 24' feet enhancing overall accessibility and safety.

OUTDOOR AMENITIES AND LANDSCAPING:

The project emphasizes the importance of outdoor leisure and community spaces by including amenities such as outdoor seating and grill areas, two pergolas and two tables with a width of 6 feet, two grills, a fire pit and a dog run measuring 665 SF enclosed by a fence. The parking lot will be landscaped in accordance with the Vernon Redevelopment Plan (with slight variance relief granted), including at least one Princeton Sentry Maidenhair tree, three Greenspire Littleleaf Linden shade trees, nine arborvitae shrubs and three Eastern Redbud ornamental street trees. Around the street trees there will be four 4-foot square tree grates. There will be a concrete retaining wall with a guiderail and a four foot tall decorative thick galvanized steel fence above. The streetscape will be six foot sidewalk with a two foot wide paver strip, a landscaped area, street furniture, street trees and decorative lantern street lights. There will be a 9' x 18' concrete block trash enclosure wall with a height of six feet and solid vinyl privacy gates.

UTILITY SERVICES

A municipal connection for water supply and sewage disposal will serve the building, ensuring reliable and efficient materials. The sewer line that currently runs between the two properties will be relocated for maximum efficiency.

CONCLUSION:

The 27 unit residential apartment building with 6 apartments allocated to affordable housing in Vernon Township represents a meaningful contribution to the local housing landscape, offering living spaces that are both luxurious and sustainable. Through meticulous planning and design, this project is set to provide a desirable living option emphasizing comfort, accessibility and community engagement.

ASSOCIATE ARCHITECTS



N.J. AC. 669

341 HUDSON STREET
HACKENSACK, NJ 07601
PHONE: (201) 835-5888
FAX: (201) 835-5889
WWW.MIJACHITECTURE.COM

ARCHITECT

NABIL N. MIJALLI, R.A.
NJ Lic. # 031801
NY Lic. # 080000017
CT Lic. # 13827
SF Lic. # 8469

PROJECT:
RED HAND DRIVE 97 UNITS
19 & OMEGA DRIVE
VERNON TOWNSHIP

OWNER:
RED HAND LLC
241 HUDSON STREET
HACKENSACK, NJ 07601

RELEASE STATUS OF DRAWING: DATE:

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DATE: DATE:

DATE: DATE:

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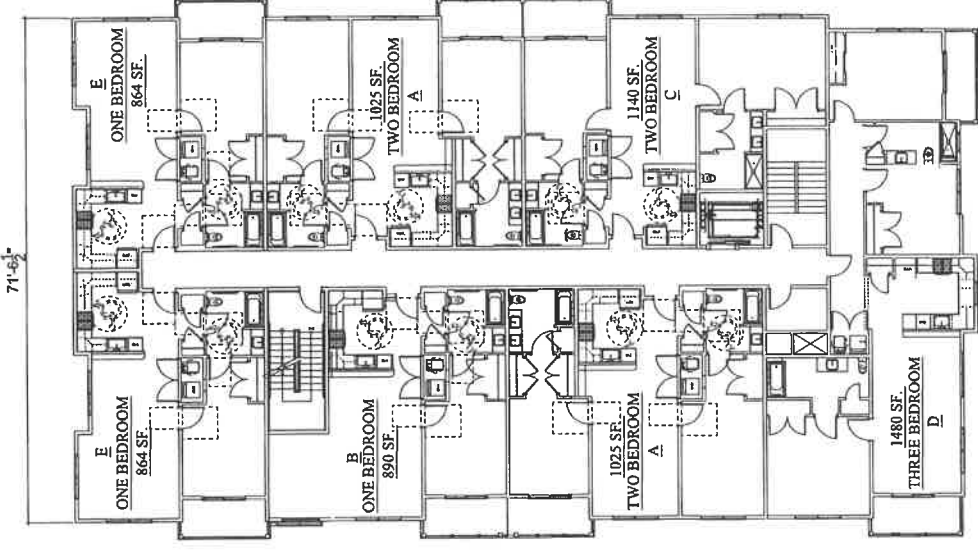
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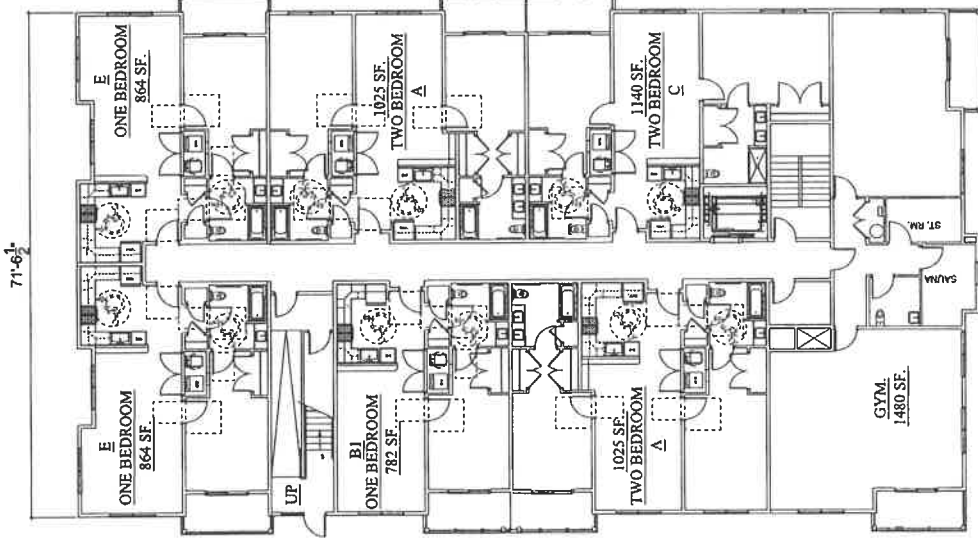
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ZONING DOCUMENTS 7-14-2025



TYPICAL FLOOR PLAN

SCALE: 1/8" = 1'-0"



FIRST FLOOR PLAN

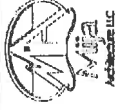
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SUB-LEVEL FLOOR PLAN

SCALE: 1/8" = 1'-0"

ASSOCIATE ARCHITECTS

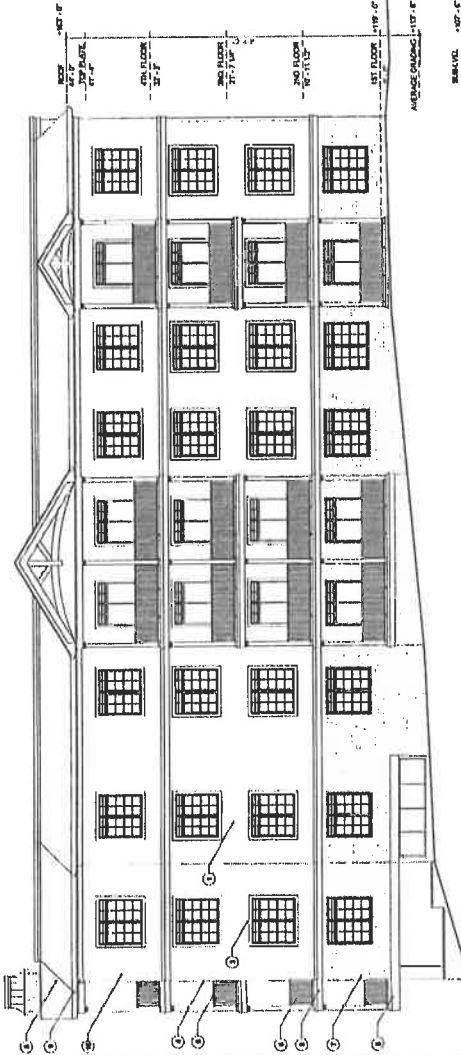


N.J. AC. 669

341 HEDSON STREET
HACKENSACK, NJ 07601
PHONE: (201) 875-5488
FAX: (201) 875-5489
WWW.ASSOCIATEARCHITECTS.COM

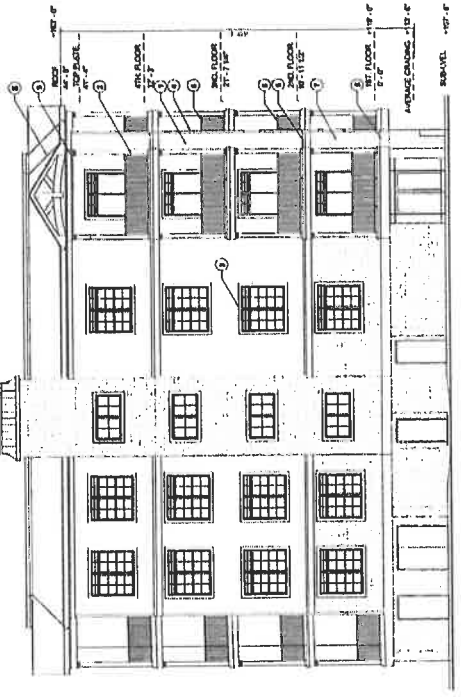
ARCHITECT

MAURIE N. MAGALLI, R.A.
341 HEDSON STREET
HACKENSACK, NJ 07601
PHONE: (201) 875-5488
FAX: (201) 875-5489
WWW.ASSOCIATEARCHITECTS.COM



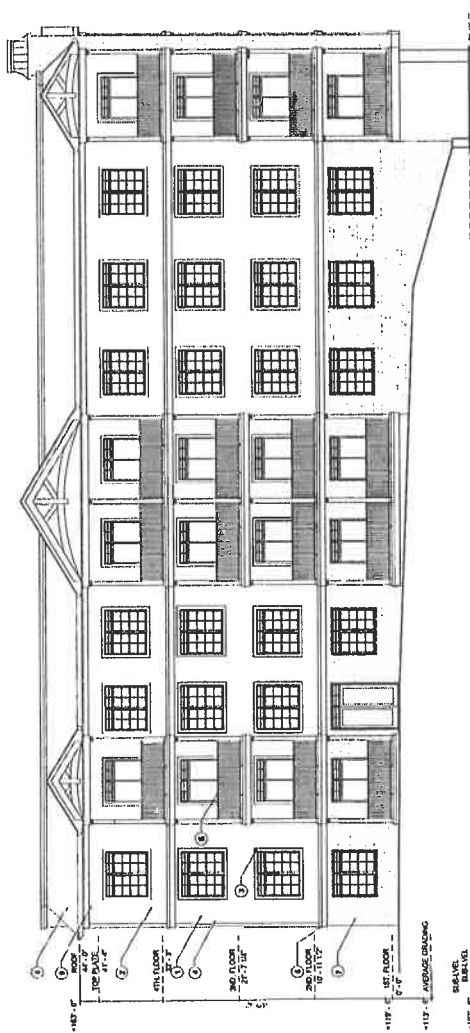
WEST ELEVATION

SCALE 1/8" = 1'-0"



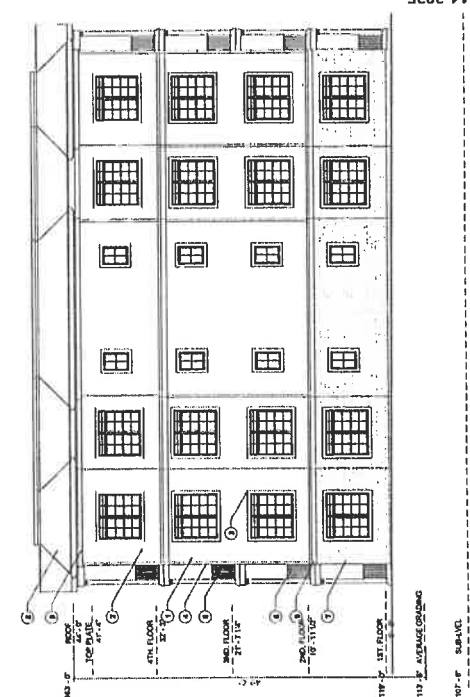
NORTH ELEVATION

SCALE 1/8" = 1'-0"



EAST ELEVATION

SCALE 1/8" = 1'-0"



SOUTH ELEVATION

SCALE 1/8" = 1'-0"

KEY NOTES

1. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
2. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
3. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
4. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
5. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
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7. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
8. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
9. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS
10. JAMES HARDIE 5/8" X 7" COLOR SUEDE-WILLIAMS SWISS

ELEVATIONS

REVISIONS

DATE

REVISIONS

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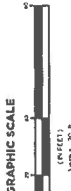
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REVISIONS

SK-300

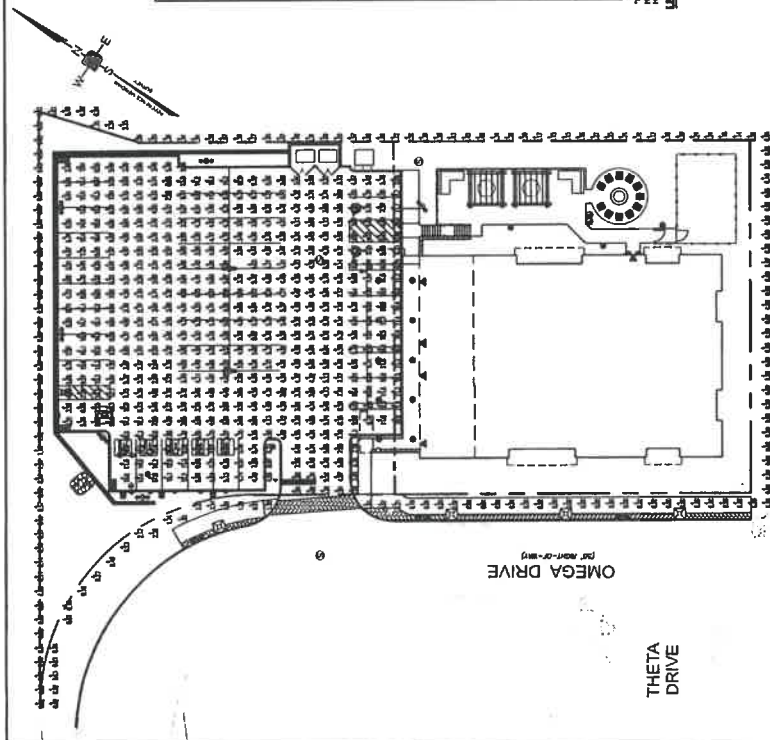
ZONING DOCUMENTS 7-14-2025

SITE PLAN APPROVED BY PLANNING BOARD

[illegible]

RED HAND, LLC.
41 HUDSON STREET
BLACKENACK, NJ 07801
201-279-1825 / 780-000, 79-00

C2.3



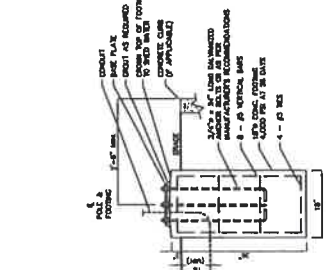
HOUSING INTERESTS WITHIN PARKING LOT

LIGHTING INTENSITIES AT PROPERTY LINES

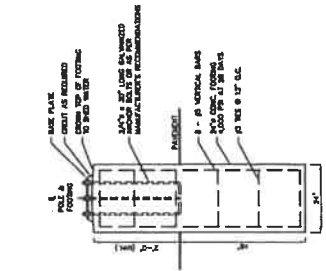
MEETING INTENSITIES AT PROPERTY LINES

3000 LOT AND AT PROPERTY LINES
BY LARINE HARTWICK

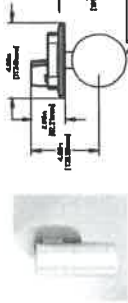
LOCATING MIDSECTIES WITHIN PARKING LOT AND AT PROPERTY LINES



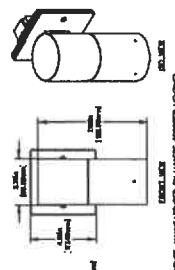
AREA LIGHT FOOTING DETAIL.



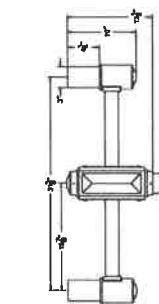
AREA LIGHT FOOTING IN PAVEMENT DETAIL.



UNITED WALL LIGHT FIXTURE DETAIL

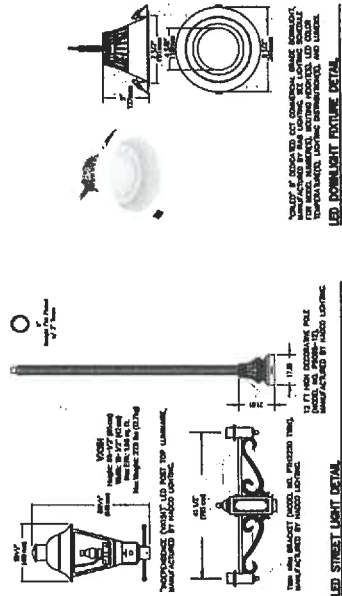


CONFIDENTIAL

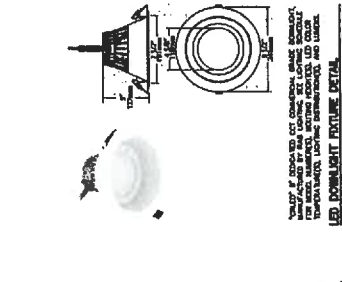


© 1987, MANUFACTURED BY HANCOCK LANTANA

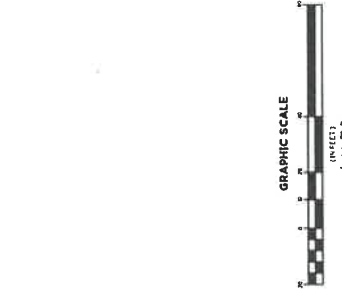
DECORATIVE AREA LIGHT POST TOP BRACKET DETAIL



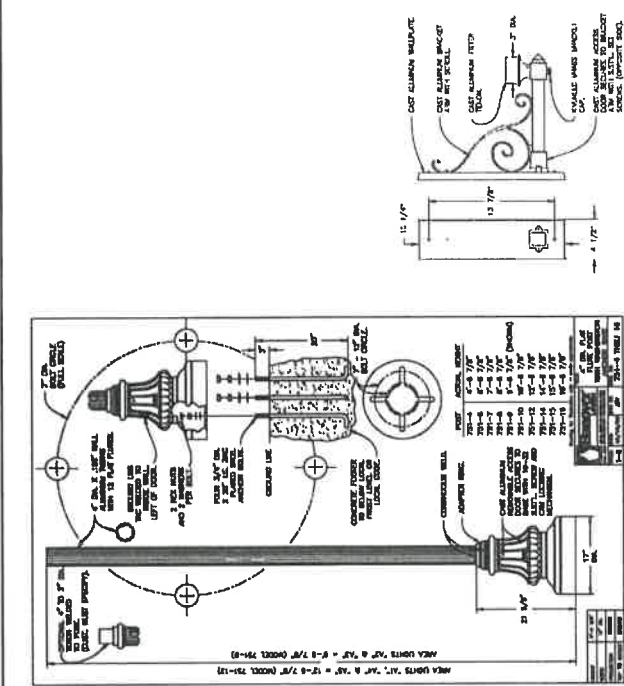
TRIED LIGHT TRAILS SET



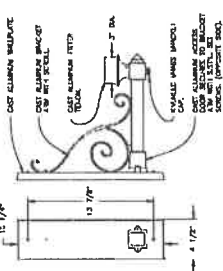
LED DOWNLIGHT FIXTURE DETAIL



1995 (17)
1996 (20)



DECORATIVE AREA LIGHTPOST DETAIL



"MILL MOUNT BRACKET ARM WITH SCOLL" (PART NO. 2296).
MANUFACTURED BY HANCOCK LAMSON.

DECORATIVE WALL LIGHT BRACKET ARM DETAIL

DECORATIVE AREA LIGHTPOST DETAIL

LED AREA LIGHT FIXTURE DETAIL

1

MILWAUKEE DRIVE

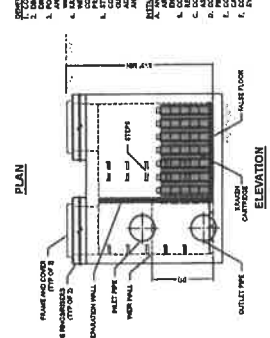
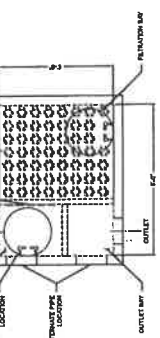
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4202 JGIM

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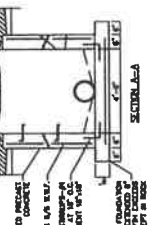
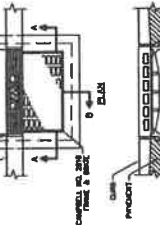


DRAINAGE AND GROUND
NOT TO SCALE

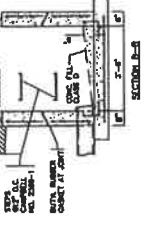


REFORMER RAISED FILTER DETAIL

- GENERAL NOTES:**
1. ALL DIMENSIONS SHOWN ARE UNLESS OTHERWISE NOTED.
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 3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
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- DETAIL NOTES:**
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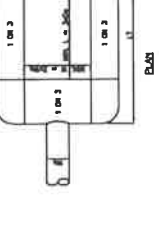
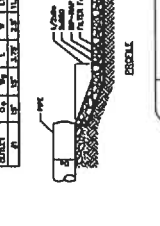
CUMULATIVE INLET (TYPE B)



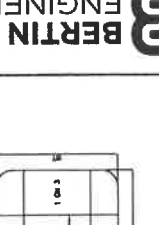
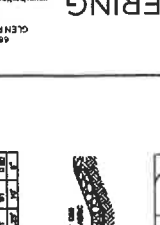
CUMULATIVE INLET (TYPE C)



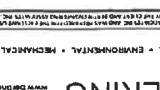
CUMULATIVE INLET (TYPE D)



CUMULATIVE INLET (TYPE E)



CUMULATIVE INLET (TYPE F)



CUMULATIVE INLET (TYPE G)



CUMULATIVE INLET (TYPE H)



CUMULATIVE INLET (TYPE I)

CUMULATIVE INLET (TYPE J)

CUMULATIVE INLET (TYPE K)

CUMULATIVE INLET (TYPE L)

CUMULATIVE INLET (TYPE M)

CUMULATIVE INLET (TYPE N)

CUMULATIVE INLET (TYPE O)

CUMULATIVE INLET (TYPE P)

CUMULATIVE INLET (TYPE Q)

CUMULATIVE INLET (TYPE R)

CUMULATIVE INLET (TYPE S)

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CUMULATIVE INLET (TYPE U)

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CUMULATIVE INLET (TYPE AW)

CUMULATIVE INLET (TYPE AX)

CUMULATIVE INLET (TYPE AY)

CUMULATIVE INLET (TYPE AZ)

CUMULATIVE INLET (TYPE BA)

CUMULATIVE INLET (TYPE BB)

CUMULATIVE INLET (TYPE BC)

CUMULATIVE INLET (TYPE BD)

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CUMULATIVE INLET

SITE PLAN APPROVAL RESOLUTION

RESOLUTION
Township of Vernon
Land Use Board
In the Matter of Red Hand LLC
Application Number LU#2-25-1
Decided on August 27, 2025
Memorialized on September 10, 2025
Final Site Plan Approval

WHEREAS, Red Hand LLC (hereinafter the “Applicant”) has made application to the Vernon Land Use Board for final site plan approval for property known as Block 402, Lots 2 and 3 as shown on the Tax Map of the Township of Vernon, located at 19-21 Omega Drive in the Town Center Zone (hereinafter the “Subject Property”); and,

WHEREAS, a public hearing was held on August 27, 2025, after the Board determined it had jurisdiction; and,

WHEREAS, the Applicant was represented by Lauran O’Neill, Esq.

NOW THEREFORE, the Land Use Board makes the following findings of fact, based on evidence presented at its public hearings, at which a record was made.

The application before the Board is a request for final site plan approval for the construction of a four (4) floor 27 dwelling unit multi-family residential building on the Subject Property

Appearing and testifying on behalf of the Applicant was Calisto J. Bertin, a licensed professional engineer, and Nabil Mijalli, a licensed professional architect in the State of New Jersey. The plans submitted which were revised in response to various reports by Township professionals and their comments adduced at the hearing for preliminary approval. The witnesses indicated that a number of changes had been made since the Board granted preliminary site plan approval at its May 14, 2025 hearing. These included but are not limited to the following as set forth below. The structure still contains 27 units over 4 stories with six (6) units being affordable having an appropriate mix of bedrooms in compliance with Township Ordinances. Since the last hearing the

sidewalk had been widened to 6 feet in width as a result the parking lot was moved slightly to the north will be constructed along with the Omega Drive brick paver strip, decorative crosswalk and street trees. However, additional information needs to be submitted in order for final compliance approval can be granted on this. They are also adding additional street furniture to the plans which will include park benches and the like. He indicated the entire site was fenced and that the fence had been placed around the dog run but that it was 6 feet in height and would, therefore, require variance relief since it exceeded maximum Ordinance requirements. The witnesses further reiterated there would be no signage at this time and that they still need a treatment works approval from the NJDEP. Brick pavers were still being proposed and would be connected with existing improvements. The Applicant also agreed they would enter into a Developer's Agreement with the municipality and still will obtain all necessary approvals consistent with a Redevelopment Plan from the governing body. Questions were raised concerning the amount of lighting on site with it ultimately being determined that while the Applicant clearly met minimum requirements, the amount of lighting while in compliance with the Ordinance, exceeded what appeared to be reasonable for the location of the site. The Applicant, therefore, agreed to lessen the intensity. They also agreed to consider the possibility of installing a walkway linking this parcel with the municipal lot or providing additional sidewalk along the rear portion of the lot where it has frontage on the roadway. They also agreed that the entire site will be surrounded by a matching fence and they will eliminate the chain link fence so that it was more aesthetically consistent with the overall Redevelopment Plan. In discussions with the architect it was determined that material boards should be submitted which would make it clear what items were being placed on the building skins and how this conforms with Ordinance requirements. They also agreed to Deed restrictions for the affordable housing.

Turning next to the specific comments contained in the August 22, 2025 report of Cory Stoner, the Township and Land Use Board Engineer, it was indicated that the Applicant will be requesting the Township to vacate encroachments within the depicted Drainage Easement area by either relocating the proposed improvements or having the Easement areas vacated by the Township. He also noted that additional landscaping had been provided with the Applicant agreeing to put a different species of arbor vitae on site which was somewhat more deer resistant. He also suggested that the final site plan needed to merge the lots prior to the issuance of any construction permits. Mr. Stoner also pointed out that the proposed retaining wall would need to have structural design plans and calculations submitted, a maintenance manual prepared for the proposed stormwater management system in accordance with NJDEP requirements, and that the rerouting of the existing sewer line running through the middle of the two (2) lots after it is rerouted will need to be reviewed and approved by the Township MUA. The Applicant will need to also supply a new Sewer Easement. He also pointed out a number of other agency approvals and the need for the Applicant to enter into a Developer's Agreement for the project.

Next, a report of Jessica Caldwell, dated August 21, 2025, was also reviewed. In addition to all of the comments already addressed, Ms. Caldwell pointed out that testimony should be provided confirming the concrete block structure enclosing the trash enclosure needed to provide details showing that the block will match that which is being proposed on the residential dwelling. She further recommended a variance be considered for the dog run since the fencing would be greater than 4 feet in height. Next she also raised a number of issues concerning materials used in the building which were specifically addressed in the testimony by Mr. Mijalli, however, the Board should ask for a specific materials list to ensure the building is erected as proposed. It was also

noted that all building equipment will be kept on the roof. The Applicant also testified that it would meet at least three (3) of the Green Building Standards contained in the Ordinance.

The meeting was opened up to the public and there were no members of the public present expressing an interest in this application.

NOW THEREFORE, the Land Use Board makes the following conclusions of law, based on the foregoing findings of fact.

The application before the Board is a request for final site plan approval so as to permit the erection of a four (4) floor 27 dwelling unit partially affordable housing multi-family residential structure on the Subject Property along with variances previously granted by the Board as reflected in the May 14, 2025 Resolution of the Board which was subsequently memorialized on June 11, 2025.

In reviewing the application, plans and testimony, the Board first notes that the Applicant worked diligently in attempting to meet all of the comments contained in the previous Resolution of the Board. That Resolution contained the items which needed to be satisfied and are basically reflected in the reports of Cory L. Stoner, dated August 27, 2025, attached as Appendix A to this Resolution and of Jessica Caldwell in her Planner Report No. 1, dated August 21, 2025, attached as Appendix B of this Resolution. The Board also notes that as of this date, the Applicant has failed to enter into any Redevelopment Agreements with the governing body which shall be a condition surviving this action. As a consequence of not having done so, a number of items still remain open which shall require municipal officials and the Township Engineer and Planner to monitor as the project moves forward. At this point in time, the Applicant is not in a position to request any building permits of any kind whatsoever since it has numerous outstanding issues which must be satisfied including that final agreement with the governing body. It was also noted, as an aside, and

something beyond the jurisdiction of this Board, that apparently a tax abatement in the form of a Payment in Lieu of Taxes (PILOT) is apparently contemplated although there was no evidence as to whether the governing body would be amenable to this.

Those issues aside, the Board concludes as a matter of fact and law that the Applicant has met the minimum requirements of the Municipal Land Use Law, Case Law and Township Ordinances to a sufficient degree so as to enable the Board to grant final site plan approval at this time. The final approval shall be subject to the Applicant and its professionals meeting all the specific terms and conditions contained not only in this Resolution but in the Reports of all municipal professionals and other agencies. Further, the Applicant will be required to obtain approval for the keeping of construction materials, construction trailers and the like on other parcels prior to moving forward with this development. Those items may require additional Land Use Board approvals but this shall be determined by the Board's staff.

The Municipal Land Use Law, at N.J.S.A. 40:55D-70c provides Boards with the power to grant variances from strict bulk and other non-use related issues when the applicant satisfies certain specific proofs which are enunciated in the Statute. Specifically, the applicant may be entitled to relief if the specific parcel is limited by exceptional narrowness, shallowness or shape. An applicant may show that exceptional topographic conditions or physical features exist which uniquely affect a specific piece of property. Further, the applicant may also supply evidence that exceptional or extraordinary circumstances exist which uniquely affect a specific piece of property or any structure lawfully existing thereon and the strict application of any regulation contained in the Zoning Ordinance would result in a peculiar and exceptional practical difficulty or exceptional and undue hardship upon the developer of that property. Additionally, under the c(2) criteria, the applicant has the option of showing that in a particular instance relating to a specific piece of property, the

purpose of the act would be advanced by allowing a deviation from the Zoning Ordinance requirements and the benefits of any deviation will substantially outweigh any detriment. In those instances, a variance may be granted to allow departure from regulations adopted, pursuant to the Zoning Ordinance.

Those categories specifically enumerated above constitute the affirmative proofs necessary in order to obtain “bulk” or (c) variance relief. Finally, an applicant must also show that the proposed variance relief sought will not have a substantial detriment to the public good and, further, will not substantially impair the intent and purpose of the zone plan and Zoning Ordinance. It is only in those instances when the applicant has satisfied both these tests, that a Board, acting pursuant to the Statute and case law, can grant relief. The burden of proof is upon the applicant to establish these criteria.

In conjunction with this application, the Applicant sought permission to install a 6 foot high fence in order to maintain better control of dogs using this improvement on the site. The Board concludes the benefits of allowing a 6 foot high fence significantly outweigh any detriments and that this will not negatively impact the public good nor the zone plan. The fence shall be consistent with those fences on site and subject to final review and approval of the Board Planner.

NOW, THEREFORE, BE IT RESOLVED by the Land Use Board that the application of Red Hand LLC for Block 402, Lots 2 and 3 as shown on the Tax Map of the Township of Vernon, located at 19-21 Omega Drive in the Town Center Zone, requesting final site plan approval is granted pursuant to N.J.S.A. 40:55D-50, subject to the following terms and conditions:

1. The development of this parcel shall be implemented in accordance with the plans submitted and approved plans said plans including the following documents: “Multi-Family Residential, Block 402, Lots 2 & 3, 19 & 21 Omega Drive, Vernon

Township, Sussex County, New Jersey,” prepared by Bertin Engineering, consisting of nine (9) sheets, dated February 6, 2025 and last revised July 21, 2025; architectural plans of building elevations and floor plans entitled “Multi-Family Residential Building, 19 & 21 Omega Drive, Vernon Township,” prepared by Mija Architecture, LLC, consisting of three (3) sheets, dated May 5, 2025 and revised through July 14, 2025; property survey entitled “Red Hand LLC, Block 402, Lots 2 & 3, 19 & 21, Omega Drive, Vernon Township, Sussex County, New Jersey”, prepared by RHJ Associates and dated March 20, 2024; and Resolution in the matter of Red Hand LLC, LU#2-25-1, Decided May 14, 2025, Memorialized June 11, 2025.

2. Applicant shall meet all of the specific items contained in the August 22, 2025 report of Cory L. Stoner, attached as Appendix A, and shall obtain final signoff from him that his report has been satisfied.
3. Applicant shall meet all specific requirements contained in Planner Report #1 prepared by Jessica C. Caldwell for Red Hand LLC, dated August 21, 2025, attached as Appendix B, and shall obtain final signoff from her that her report is satisfied.
4. All retaining walls and other items installed on site requiring masonry materials shall be the same color and type as those used in conjunction with the building.
5. No signage shall be permitted on site until such time as an application is filed with the Township and approved either by the Construction Department or, if necessary, by the Land Use Board for the Township of Vernon.

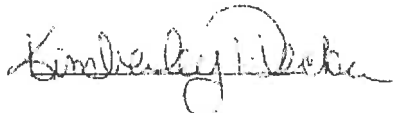
6. Applicant shall obtain a DEP Treatment Works approval for work taking place on site.
7. Brick pavers for the sidewalks shall be consistent with those existing along the edge of the right-of-way subject to final review and approval of the Board Engineer.
8. Applicant shall enter into a Developer's Agreement with the governing body and also any and all other documents necessary in order to process this application as a redevelopment application seeking PILOT approval which shall be subject to final review and approval by the governing body.
9. The light plan for the parking lot shall be amended so as to be of a lower intensity, subject to final review and approval of the Township Engineer.
10. If possible, and subject to final review and approval by the Board Planner, a walkway linking the parking lot with the municipal lot shall be installed.
11. All chain link fencing around the site shall be removed and matching fencing installed subject to final review and approval of the Board Engineer.
12. The walkway on Omega Drive shall be improved to a 6 foot width and shall use materials similar to that which already exist.
13. Applicant shall submit a materials board and the building shall use all materials shown on the colored rendering on all four (4) sides.
14. Applicant shall provide Deed restrictions for the affordable housing units subject to review and approval of the Township Attorney.
15. Applicant shall request the Township to vacate the Drainage Easement shown on the plans subject to final review and approval of the Board Engineer.

16. A Deed of merger for the lots shall be submitted and approval of it obtained, with review by the Board Engineer and Board Attorney.
17. All chain link fence shall be eliminated in conjunction with the development due to the height of the wall structural design plans and calculations shall be provided and a construction permit specifically for the retaining wall around the parking lot will be obtained from the Vernon Township Construction Department.
18. A Maintenance Manual shall be prepared for the proposed stormwater management system in compliance with Chapter VIII of the NJDEP Best Practice Manual which shall in turn be recorded and remains a condition of this final site plan approval.
19. The existing sewer line running through the middle of the two (2) lots shall be rerouted with the proposed work to be reviewed and approved by the Vernon Township MUA. In conjunction therewith a new Sewer Easement shall be required which shall be reviewed by the Board Engineer and Board Attorney prior to the Township Council accepting the Easement.
20. No signage shall be permitted on site until approval has been received from the Land Use Board.
21. Applicant shall provide additional information for the brick paver strip along with the tree wells as proposed which should match brick pavers already installed along Main Street in the Town Center.
22. Applicant will be responsible for the maintenance of sidewalks, brick pavers, street trees which are constructed within the Township right-of-way.

23. Applicant shall incorporate street furniture as appropriate and directed by the Township Planner so as to be consistent with the design standards contained in the Town Center Plan.
24. Applicant shall reduce the lighting in the parking area subject to final review and approval by the Board Engineer.
25. Upper Delaware Soil Conservation District approval.
26. Vernon Township Council for the Redevelopment Plan and all other legal documents required in order for this development to be implemented.
27. Vernon Township Construction Department approval.
28. Vernon Township Municipal Utilities Authority approval for sewers.
29. Vernon Township Fire Subcode Official.
30. Veolia Water approval for water service.
31. Elizabethtown Gas approval.
32. A Pre-construction Meeting shall be held at least seventy-two (72) hours before any construction with municipal representatives, the Developer and its engineers and contractors. The meeting shall be held only after the Engineer's opinion of probable cost has been submitted to the municipality for computation of engineering and inspection fees posted, the form of which is to be approved by the Municipal Engineer.
33. Prior to the issuance of any construction permit, the Applicant shall file with the Board and Construction Official an affidavit verifying that the Applicant is in receipt of all necessary agency approvals other than the municipal agency having land use jurisdiction over the application and supply a copy of any approvals received.

34. Payment of all fees, costs, escrows due or to become due. Any monies are to be paid within twenty (20) days of said request by the Board's Secretary.
35. Certificate that taxes are paid to date of approval.
36. Sussex County Planning Board approval or a letter of No Interest.
37. Subject to all other applicable rules, regulations, ordinances and statutes of the Township of Vernon, County of Sussex, State of New Jersey, or any other jurisdiction.

The undersigned secretary certifies the within resolution was adopted by this Board on August 27, 2025 and memorialized herein pursuant to N.J.S.A. 40:55D-10(g) on September 10, 2025.


Kimberley Decker

FOR: 5

AGAINST: —

ABSTAIN: —

Board Member(s) Eligible to Vote:

Rossi; Higgins; McPeek; Cocula; Whitaker; Whit-Bearstler; Vizzini; Theobald

Prepared by: Glenn C. Kienz, Esq.

APPENDIX A



HAROLD E. PELLOW & ASSOCIATES, INC.

CONSULTING ENGINEERS · PLANNERS · LAND SURVEYORS
ESTABLISHED 1949

HAROLD E. PELLOW, PRESIDENT
2008 Distinguished Engineering Service Award
Past and Present Secretary of Professional Engineers
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CORY L. STONER, EXEC. VICE PRESIDENT
NJ - P.E., NJ - P.P., NJ - C.M.E.

ANN PELLOW WAGNER
NJ - C.E.A., VA - C.E.A., PA - C.E.A.,
(192994 - 103746)
MATTHEW J. MORRIS
NJ - C.E.A., NJ - P.P.

DAVID B. SIMMONS, JR., VICE PRESIDENT
NJ - P.E. & L.E., NJ - P.P., NJ - C.M.E.
NY - P.E. & L.E., PA - P.E. & L.E.
THOMAS C. KRUTELSKY, ASSOCIATE
NJ - P.E., NJ - P.P.

August 22, 2025

MEMORANDUM TO: Vernon Township Land Use Board (via email)

FROM: Cory L. Stoner, P.E., P.P., C.M.E., Land Use Board Engineer

SUBJECT: ENGINEERING REVIEW
Final Major Site Plan for Red Hand LLC
Block 402 Lots 2 & 3
Located at 19-21 Omega Drive
Vernon Township, Sussex County
HPA No. 25-125

Dear Land Use Board Members:

A Final Major Site Plan application has been submitted by Red Hand LLC for the construction of a four floor multi-family residential building which will have a total of 27 dwelling units located along Omega Drive. The Vernon Township Land Use Board granted a Preliminary Site Plan and Variance approval for the proposed development on May 14, 2025 (memorialized June 11, 2025). Based on a review of this application for Final Major Site Plan approval, I offer the following comments:

1. The items submitted in support of this application included the following:
 - a. Plans entitled, "Multi-Family Residential, Block 402, Lots 2 & 3, 19 & 21 Omega Drive, Vernon Township, Sussex County, New Jersey," prepared by Bertin Engineering, consisting of nine (9) sheets, dated February 6, 2025 and last revised July 21, 2025.
 - b. Architectural plans entitled, "Multi-Family Residential Building, 19 & 21 Omega Drive, Vernon Township," prepared by Mija Architecture, LLC, consisting of three (3) sheets and dated July 14, 2025.
 - c. A report entitled, "Stormwater Drainage Analysis, Multi-Family Residential, Block 402, Lots 2 & 3, 19 & 21 Omega Drive, Township of Vernon, Sussex County, New Jersey, BE#24-221," prepared by Bertin Engineering, dated February 6, 2025 and last revised July 2, 2025.
2. Completeness: The Application as submitted is for the Final Site Plan approval and is meant to update the site plans to address comments raised by the Board during the Preliminary Site Plan and Variance application hearing. The Land Use Board approved that application on May 14, 2025 (memorialized June 11, 2025). The information as

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CERTIFICATE OF AUTHORIZATION NO. 14021788340

presented with this current application is sufficient in my opinion to address the items raised by the Board and have the Applicant present the Final Site Plan application for review. It is my recommendation that the application be deemed complete.

3. During the Preliminary Major Site Plan and Variance application review, a number of items were identified as needing to be addressed during the Final Site Plan application. These items consisted of but may not be limited to the following:
 - a. The site plan cover sheet to be updated to incorporate the type and number of affordable housing units proposed within this apartment building. The cover sheet has been updated with this information.
 - b. The chain link fence depicted atop the proposed retaining wall to be replaced with a more aesthetically appropriate fence or other code-conforming barrier. A black decorative fence has been now shown on the plans on the top of the proposed retaining wall. A detail has also been added to show that this fence will be a black galvanized steel fence.
 - c. The encroachments within the depicted drainage easement area to be eliminated by either relocating proposed improvements or having the easement area modified or vacated by the Township of Vernon. The design still proposes improvements within the drainage easement. The Applicant has submitted a site survey description to me for review which they plan to incorporate into a request for the Township to vacate.
 - d. The proposed building design was to be modified to conform with the building design requirements set forth within the Town Center Redevelopment Plan including the provision of rooftop equipment screening. The Board Planner has commented on the architectural elements of this proposed building. I have no additional comments other than the Applicant should be prepared to discuss the changes that have been proposed in detail with the Board.
 - e. A minimum six (6) foot wide sidewalk near the building to be provided in order to accommodate vehicle parking. The plans have been updated to include this change.
 - f. Landscaped screening to be provided along the perimeter of the parking lot to minimize the impact of vehicle headlight glare off-site. Arbortrees and additional street trees have been added along Omega Drive to provide additional screening. The arbores are Emerald Green Arbores and are not deer resistant. I believe that the Applicant has provided as much landscaping as possible but the type of plantings needs to be looked at closer. Any Board approval shall be conditioned on a final review of landscaping species be performed by my office.

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- HAROLD E. FELLOW & ASSOCIATES, INC.

VP PLANS ROAD, AUGUSTA, NEW JERSEY 07022-2000, TELEPHONE: 973-546-6410, FAX: 973-546-2914
 CERTIFICATE OF AUTHORIZATION NO. 240A2758590

- d. Due to improvements being constructed within the Township right-of-way, the relocation of the Township sewer main, and affordable housing obligation being handled on-site, I assume that a developers agreement should be prepared for this project. The Board Attorney should comment on whether such an agreement is needed.
- e. Other Approvals that will be required include but may not be limited to:
- i. Upper Delaware Soil Conservation District
 - ii. Vernon Township Council (various off drainage easement)
 - iii. Vernon Township Construction Department
 - iv. Vernon Township Municipal Utility Authority (sewer)
 - v. Vernon Township Fire Subcode Official
 - vi. Veolia Water (water service)
 - vii. Elizabethtown Gas (gas service)
 - viii. Sussex County Planning Board (for letter of no interest)

Very truly yours,

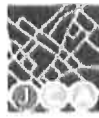


Cory L. Stoner, P.E., P.P., C.M.E.
HAROLD E. PELLOW & ASSOCIATES, INC.
Vernon Land Use Board Engineer

cc: R:\PROJECTS\2025\PALM\VERNON\1523-033 - RED HAND LLC\1523-ENG-0001.DOCX

cc: Via Email
Kim Decker, Planning & Zoning Secretary
Glenis Kienz, Esq., Board Attorney
Jessica Caldwell, P.P., A.I.C.P., Board Planner
Lauren O'Neill, Esq., Applicant's Attorney

APPENDIX B



Planner Report #1

To: Vernon Township Land Use Board
From: Jessica O. Caldwell, PP, AICP, LEED-GA, Land Use Board Planner
Subject: Red Hand LLC LU# 2-25-1
Final Site Plan
Block 402, Lots 2 & 3
19 & 21 Omega Drive
Vernon Township, Sussex County, New Jersey
Date: August 21, 2025

Dear Board Members,

The purpose of this report is to provide the Land Use Board guidance in its review of the Final Site Plan application submitted by Red Hand LLC (the "Applicant"). The Applicant is proposing to consolidate Block 402, Lots 2 and 3 into one (1) lot and construct a four-story, multi-family residential building containing 27 dwelling units over one (1) level of additional parking. The property in question is located within the TC, Town Center District, subject to the Vernon Town Center Redevelopment Plan¹ (hereinafter the "Redevelopment Plan"). The Land Use Board granted Preliminary Site Plan and Bulk Variance Approval for the application decided on May 14, 2025 and memorialized by resolution on June 11, 2025.

Documents Reviewed

- Nine (9) sheets of a Preliminary and Final Site Plan entitled, "Multi-Family Residential, Final Site Plans, Block 402, Lots 2 & 3, 19 & 21 Omega Drive, Vernon Township, Sussex County, New Jersey," prepared by Benin Engineering, dated February 3, 2025, and revised through July 21, 2025.
- Three (3) sheets of Architectural Building Elevations and Floorplans entitled, "Omega Drive 27-Unit, 19 & 21 Omega Drive, Vernon Township," prepared by Wja Architecture, LLC, dated May 5, 2025, and revised through July 14, 2025.
- Property Survey entitled, "Red Hand LLC, Block 402, Lots 2 & 3, 19 & 21 Omega Drive, Vernon Township, Sussex County, New Jersey," prepared by RHJ Associates, and dated March 20, 2024.
- Resolution, in the Matter of Red Hand LLC LU# 2-25-1, decided May 14, 2025, memorialized June 11, 2025.
- Copy of application, one-sheet, and additional supporting documents.

¹ Township of Vernon Town Center Redevelopment Plan prepared by J Caldwell & Associates, dated March 25, 2021, and adopted April 26, 2021 via Ordinance No. 21-10.



Existing Conditions

The Site

1. The following table provides an overview of the existing conditions of Block 402, Lots 2 and 3:

Table 1. Existing Conditions

Block	Lot	Acres	Frontage	Existing Development
402	2	32,557 SF	Omega Drive	Vacant/Undeveloped
	3	(0.75 Acres) 1		

2. The subject property is located entirely within the Highlands Planning Area; therefore, Highlands Act Exemptions are not required for this application.

Figure 1. Aerial Map



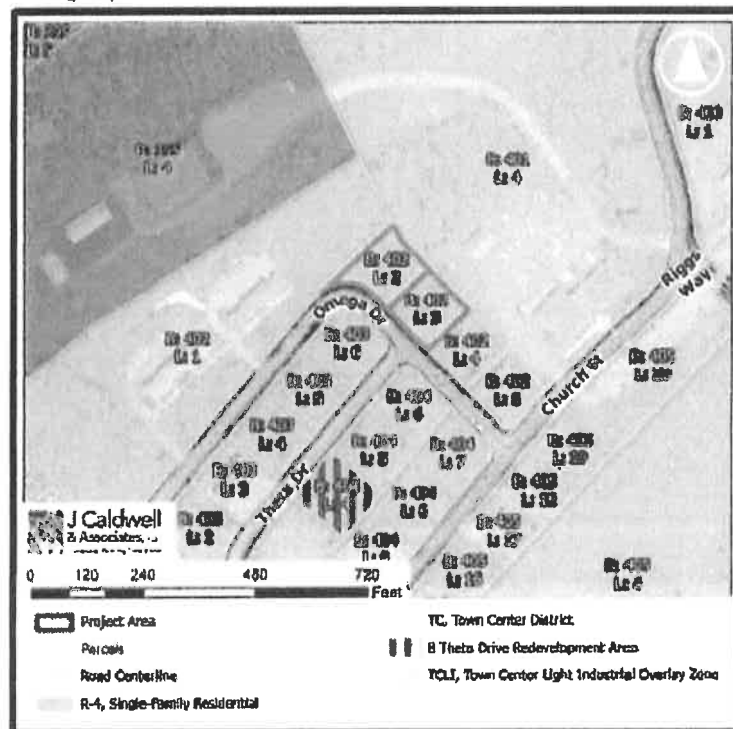
32,557 square feet (0.75 acres) is the cumulative lot area between Block 402, Lots 2 and 3. Existing lot 2 has an existing lot area of 16,968.4 square feet (0.39 acres) and existing lot 3 has a lot area of 15,588.6 square feet (0.35 acres).



Zoning

- The subject property is located entirely within the TC, Town Center District in the Town Center Redevelopment Plan Area. This Plan supersedes sections of the Township Ordinance that are in conflict with the Redevelopment Plan requirements. Any deviation from the Redevelopment Plan is considered a variance subject to the standards of N.J.S.A. 40:55D-70a. Deviations that would constitute a variance pursuant to N.J.S.A. 40:55D-70a are not permitted to be granted by the Land Use Board and must be the subject of an amendment to the Redevelopment Plan. According to § 350-154(1), it is the purpose of the TC District to create a mixed-use Town Center in the Township of Vernon which provides for commercial, residential, and senior housing uses in a development pattern, and with design guidelines, that promote a pedestrian-scale center that reinforces the unique sense of place of Vernon.

Figure 2. Zoning Map

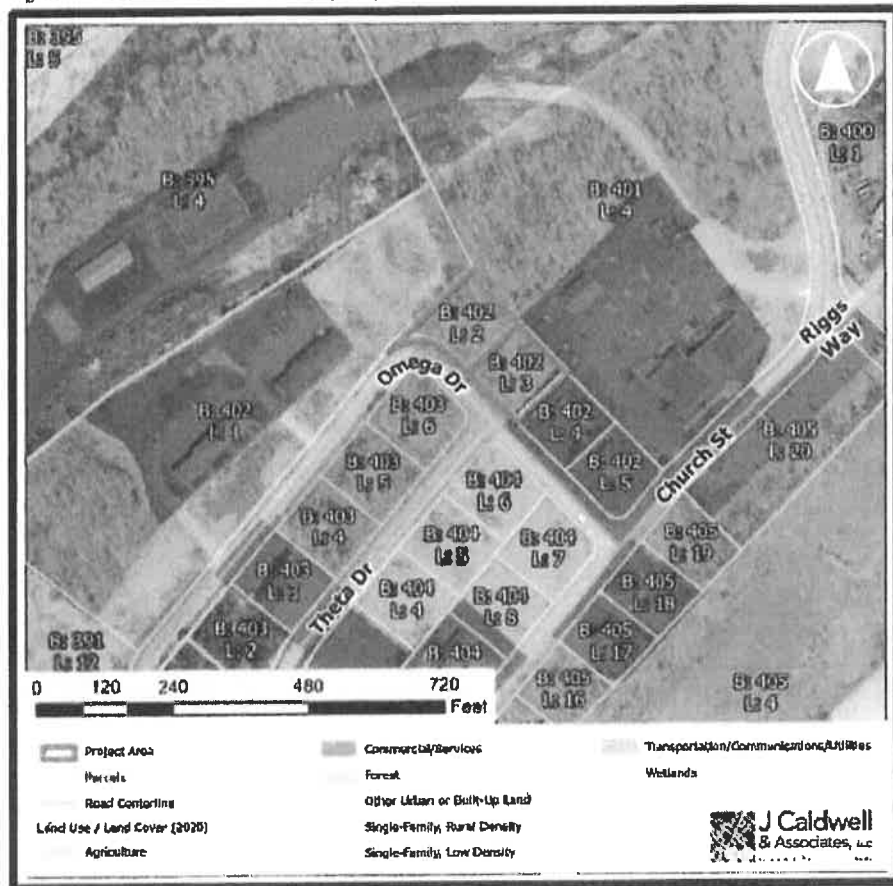




Neighborhood Context

4. Block 400, Lots 2 and 3 are situated within the Vernon Town Center District, which has a combination of different land uses including commercial, civic, and single- and multi-family residential dwellings. Immediately surrounding the project area is a mix of commercial/services uses, forested land, multi-family residences, and other urban or developed land. Directly east and adjacent to the site is the Vernon Township Municipal Building. Further northwest is a utility easement and the Vernon Township Police Athletic League ("PAL").

Figure 3. Land Use / Land Cover Map (2020)





Proposed Project

5. The Applicant is seeking Final Site Plan approval for the development of Block 402, Lots 2 and 3, which involves a four-story, multi-family building over one (1) level of podium parking (Appendix E). The dwelling units consist of one-, two-, and three-bedroom dwelling unit types, with an overall total of 27 dwelling units proposed (Appendix C). The following table highlights the proposed residential units:

Table 2. Proposed Dwelling Unit Types and Residential Amenities

Unit	1-Bedroom	2-Bedroom	3-Bedroom	Total # of Units
First Floor	3	3	0	6
Second Floor	3	3	1	7
Third Floor	3	3	1	7
Fourth Floor	3	3	1	7
Total	12	12	3	27
Residential Amenities				
Project Center Gym	1,450 SF			

The following displays the proposed dwelling unit breakdown by floor area:

Table 3. Proposed Dwelling Unit Floor Area¹

Unit	First Floor	Second Floor	Third Floor	Fourth Floor	Total # of Units
1-Bedroom					
782 SF		0	0	0	1
854 SF	3	2	2	2	6
840 SF	0	1	1	1	3
2-Bedroom					
1,023 SF	0	0	2	2	6
1,140 SF	1	1	1	1	4
3-Bedroom					
1,450 SF	0	1	1	1	3
Total	6	7	7	7	27

6. In addition, the following items are proposed:
- The proposed building will contain a lobby area with an elevator, a parcel and mailroom, a gym, and a community room for residents.
 - The exterior will consist of 40 off-street parking spaces.

¹ Proposed dwelling unit floor areas were retrieved from the Architectural Building Elevations and Floorplans entitled, "Omega Drive ST-Unit 15 & 21 Omega Drive, Vernon Township," prepared by Mija Architecture, LLC, dated May 5, 2025, and revised through July 14, 2025.

² The gym is located on the first floor with an attached community room.

³ Retrieved from the Architectural Building Elevations and Floorplans entitled, "Omega Drive ST-Unit 15 & 21 Omega Drive, Vernon Township," prepared by Mija Architecture, LLC, dated May 5, 2025, and revised through July 14, 2025.



- C. Outdoor amenities include outdoor seating and grill areas, including two (2) pergolas and two (2) tables with a width of six (6) feet, two grills, a fire pit, and a dog run (305 square feet).

Area and Bulk Requirements

The following table denotes the required and permitted area and bulk requirements for the TC District pursuant to the Township of Vernon Town Center Redevelopment Plan in regard to the Applicant's proposal. It should be noted that Block 402, Lot 2 and 3 were reviewed as one (1) parcel.

Table 4-70: Town Center District Regulations¹

	Required	Existing	Proposed
Min. Lot Area	N/A	22,537 SF 0.75 Acre	NC NC
Min. Lot Width	100 FT	270 FT	245.22 FT
Min. Front Yard Setback	10 FT	N/A	10 FT (Balcony) 10.57 FT (Siding)
Min. Side Yard Setback	7.5 FT	N/A	10 FT (Siding) 114.38 FT (Roof)
Min. Rear Yard Setback	10 FT	N/A	35.32 FT (Balcony) 40.50 FT (Siding)
Max. Building Height	4 Stories 30 FT	N/A	4 Stories ² 49.31 FT ³
Max. Impervious Coverage	55% 27,573.45 SF	N/A	74.5% 24,290 SF
Max. Building Coverage	70% 20,789.9 SF	N/A	71% 21,552 SF
N/A = Not Applicable		NC = No Change	

¹ Retrieved from Chapter 320, Attachment 1B – Ord. No. 21-10, Town Center Redevelopment Plan.
² Section 320-1 Definitions defines a basement as a story partly underground and having more than one-half (1/2) of its clear height below the finished grade. A basement shall not be considered a story for purposes of height measurement in determining the permissible number of stories when used solely for incidental or accessory storage or for the housing of mechanical equipment, to include a hot-water heater and furnace, for a washer, dryer, recreation room and a bathroom, either partial or full.
³ Roof height taken from the Architectural Plans dated February 6, 2025.



Review of Site Plan, Variances, and Site Plan Design Exceptions

All provisions of the Redevelopment Plan will supersede all provisions of the Vernon Zoning Ordinance for the Town Center Plan Area. Any zoning-related issue that is not addressed in the Redevelopment Plan will reference the Vernon Zoning Ordinance for guidance. No use variances from the requirements herein will be cognizable by the Land Use Board. The Land Use Board, acting as the Planning Board, will have the authority to grant deviation from the requirements of the Redevelopment Plan, which constitute use variances. Deviations from Site Plan Design Standards from the Township's Land Development Ordinance constitute design exceptions.

7. Preliminary Site Plan Approval:

- A. Condition #5 required changes to the final Site Plan submittal. The following change has not been completed:
 - i. #3.i.a. update the site plan cover sheet to incorporate the type and number of affordable housing units proposed within this apartment building;
- B. Items referenced in testimony not addressed:
 - i. Addition of sidewalk and treescape along entire frontage of property;
 - ii. Addition of street furniture along with streetscape;

8. Affordable Housing:

- A. Per the Redevelopment Plan, any proposed housing within the TC District that results in a density of more than six (6) dwelling units per acre and a total of six (6) or more units shall provide a 30% set-aside for affordable housing. A minimum of six (6) affordable housing dwelling units is required¹ wherein 27 market-rate units are proposed. The Applicant is proposing six (6) affordable dwelling units; however, plans shall be revised identifying the unit types² associated with the six (6) affordable units. Deed restrictions for the affordable units shall be provided prior to issuance of any certificates of occupancy on the property.

9. Parking:

- A. Per the Redevelopment Plan, a minimum of 45% of the required off-street parking shall be located at the rear or side of the building. Up to 35% of the required parking may be located in the front of the building if screened from the street. The Applicant is proposing the majority of its off-street parking in the side yard. A small percentage of the parking area (1 regular space and 4 EVSE spaces) is within the 10-foot front yard setback. However, screening from the street is not provided. Variances relief was granted during Preliminary Site Plan approval.
- B. Per the Redevelopment Plan, parking lot design shall consider pedestrian circulation. Pedestrian crosswalks shall be provided and linked to the wider pedestrian network. Pavement textures shall be required on pedestrian access ways, and strongly encouraged elsewhere in the parking lot, as surface materials, or when used as accents. A textured brick paver (surface coating) decorative crosswalk is proposed at the driveway entrance to the property along Omega Drive. Info completed.
- C. Per the Redevelopment Plan, parking lots shall meet New Jersey ADA requirements for handicapped parking. Two (2) ADA spaces are proposed, each with a dimension of eight

¹ Affordable dwelling unit calculation: (27 units x 30%) = 8.1 units = 8 units.

² Examples of unit types may include one-, two- or three-bedroom dwelling units.



(8) feet in width and 16 feet in length, and separated by an eight-foot by 16-foot striped ADA buffer area between the two (2) spaces.

- i. According to § 407-35, the location of the parking spaces for handicapped persons shall be in an area of the parking facility which is most accessible and closest to the entrance to the public building that the facility serves.
 - a. The two (2) ADA spaces are located in the easternmost portion of the parking lot, which is closest to the building entrance (lobby) near the podium parking area.
 - b. Additionally, there is a secondary entrance in the rear of the building between the fire pit and the dog run. Testimony shall be provided confirming if an ADA ramp will be provided connecting the ADA spaces to the secondary entrance. Currently, stairs and railings are proposed.
- ii. According to § 407-35, where possible such spaces shall be located so that persons in wheelchairs or using crutches or canes are not compelled to wheel or walk behind parking cars.

Parking Lot Landscaping

- D. Per the Redevelopment Plan, parking lots shall be suitably landscaped to provide shade and visual relief. At least one (1) shade tree with a minimum of two-and-a-half (2.5) inches caliper in size shall be provided for every 10 cars in the parking lot. At least 10% of the lot shall be green. A Norway spruce or evergreen hedge at least four (4) feet in height shall be used for parking along the lot line. The perimeter edge of the parking lot shall be planted with evergreen hedges, shade screens, shrubs, and related cover.
 - i. There is a row of 10 parking spaces in the northernmost portion of the site, wherein four (4) shade trees (caliper of one (1) Princeton Sentry (Maldenham) and three (3) Greenspire Littleleaf Linden shade trees are proposed. This complies.
 - ii. Variance relief was granted during Preliminary Site Plan approval for failure to incorporate landscaping for 10% of the parking area and for trees with less than a 2.5" caliper as identified on the landscape plan submitted.
 - iii. A concrete retaining wall with a guiderail and a four-foot-tall decorative fence above is proposed along the northern and eastern parking area perimeter and partially along the western perimeter (topping off the electric vehicle charging spaces that front Omega Drive. In addition, nine (9) Emerald Green Arborvitae evergreen shrubs are proposed along the western perimeter of the parking area.
- E. According to § 33B-113D, where sidewalks occur in parking areas, parked vehicles shall not overhang or extend over the sidewalk, unless an additional two (2) feet of sidewalk width are provided to accommodate such overhang. There are nine (9) parking spaces – two (2) ADA and seven (7) regular spaces that abut a sidewalk. The proposed sidewalk is six (6) feet wide where a minimum sidewalk width of six (6) feet is required to accommodate vehicle overhang. This complies.

¹¹ Per the Redevelopment Plan (Streetscape, Sidewalks, Crosswalks, and Public Spaces), it is required that sidewalks elsewhere in the TC District shall be a minimum of six (6) feet. In addition, §33B-103F (Sidewalks and Graded Areas): the sidewalk width shall be four (4) feet; where sidewalks abut the curb and curb overhang the sidewalk, width shall be six (6) feet. In high-density residential areas, where sidewalks abut the curb, a sidewalk/graded area of at least six (6) feet in width shall be required.



10. Buffers:

- A. Per the Redevelopment Plan, walls and fences in all public areas are to be constructed to match the architectural detail of the principal structure and should not be located adjacent to a residential property. A concrete retaining wall with a guiderail and a four-foot decorative fence is proposed around the northern, northwestern, and eastern portions of the parking lot. It should be noted that the northern and northwestern portions of the wall and fencing are adjacent to Block 402, lot 1, which is a residential property consisting of two (2) multi-family buildings.
- B. Per the Redevelopment Plan, fences and screen walls shall be limited to a maximum height of four (4) feet except they must be six (6) feet in height when used as a buffer for service area enclosures. As mentioned above, a concrete retaining wall with a guiderail and a four-foot decorative fence is proposed around the northern, northwestern, western, and eastern portions of the parking lot.
- i. All proposed retaining walls have a decorative fence with a height of four (4) feet above the wall. This complies.
- a. The northwestern and western sections (front yard) of the proposed wall have a height ranging between approximately 2.75 feet to 5 feet. This complies.
- b. The northern section of the wall (side yard) adjacent to Block 402, Lot 1, has an approximate height between five (5) feet and 5.5 feet. Variance relief was granted during Preliminary Site Plan approval.
- c. The eastern section of the wall (rear yard) adjacent to Block 401, Lot 4 has an approximate height between 3.75 feet and 5.5 feet. Variance relief was granted during Preliminary Site Plan approval.
- ii. Additionally, a 9' x 18' (162 square feet) concrete block mesh enclosure wall with a height of six (6) feet and solid vinyl privacy gates is proposed. Testimony shall be provided confirming that the concrete block enclosure wall will match the proposed multi-family building as indicated on Sheet C3.1 of the Final Site Plan.
- iii. A chain-link fence with a height of six (6) feet is proposed around the 665 square-foot dog run located in the south-easterly portion of the property. A variance is required.
- C. According to § 350-184B(5)(j)(2), walls can be used as retaining walls and for privacy. Stone walls are the preferred material for walls and accent elements in the Town Center. Stone walls shall be topped with a stone or cast stone cap. Concrete retaining walls and a concrete block mesh enclosure wall are proposed.

11. Landscaping:

- A. Per the Redevelopment Plan, ornamental trees should be provided throughout the Plan Area, particularly at key locations such as the entrances and along existing roadway frontages. Three (3) Eastern Redbud ornamental street trees are proposed along the frontage of Omega Drive.

12. Street Trees:

- A. Per the Redevelopment Plan, street trees should have a minimum of 2.5-inch caliper at the time of planting. The bottom branches shall be trimmed to a minimum of seven (7) feet from the ground to allow pedestrian passage. Tree spacing shall be generally 40 feet apart on center with variation for driveways, lighting and other streetscape impediments. Three (3) Eastern Redbud ornamental street trees are proposed with a minimum of 1.5-inch caliper. A variance was granted for the size of these trees.



- B. Per the Redevelopment Plan, 18-inch "Camelot" tree grates or approved shall be utilized around street trees in the sidewalk area. Four (4) four-foot square tree grates are proposed along Omega Drive.

13. Mobility / On-Site Circulation:

Pedestrian Circulation

- A. Per the Redevelopment Plan, sidewalks shall be provided along all street frontages and wide enough to handle pedestrians and accommodate benches, planters, street trees and streetlights. A sidewalk along Omega Drive with widths varying from four (4) feet to six (6) feet is proposed along the Omega Drive frontage. This complies.
- B. Per the Redevelopment Plan, sidewalks shall be a minimum of six (6) feet wide. A minimum two-foot-wide brick paver strip shall be constructed between the curb and the sidewalk. Walkways shall be raised and curbed along buildings and within parking lots where suitable. As noted above, a sidewalk ranging between four (4) to six (6) feet wide is proposed along the Omega Drive frontage; a two-foot-wide brick paver strip is proposed between the curb and the sidewalk. This complies.

Streetscape, Sidewalks, Crosswalks, and Public Spaces

- C. Per the Redevelopment Plan, where not existing already, streetscape improvements shall be constructed along the road frontage or even not proposed for development in the Plan Area. The streetscape shall include sidewalk, brick paver or landscaped area, street trees, street lights, and street furniture. The Applicant is proposing a streetscape consisting of a sidewalk with a two-foot-wide brick paver strip, a landscaped area, street trees, and decorative street lights. However, street furniture is not provided and the streetscape does not cover the entire frontage of the property. A variance is required.
- D. Per the Redevelopment Plan, decorative crosswalks shall be used to connect the public walkway system and help slow down traffic to create a pedestrian friendly environment. A decorative crosswalk (brick paver surface coating) is proposed at the access driveway. This complies.

14. Building Design Standards:

- A. Buildings in the Town Center Plan Area should be designed to evoke architectural attributes of Mountain Village, Alpine, or the Colonial architectural elements of historic Vernon buildings (Appendix B). See Appendix B for the proposed architectural rendering or architectural elevations.

Building Materials and Colors

- B. Per the Redevelopment Plan, all building materials and colors used on the exterior of a building shall be compatible with its overall design. Wood clapboard, or a manufactured equivalent, is recommended. Natural wood or cedar shake siding is also recommended. Natural or cultured stone is recommended as a primary accent material, especially for building foundations, decorative piers, and columns. Textured wood siding is recommended. Textured vinyl, cement fiber materials, and brick are permitted. Vinyl siding (non-textured), aluminum siding, non-decorative concrete block and other similar materials are prohibited. Stucco or stucco-like products such as Dryvit or E.I.F.S. may be used only as accent material and not encompass more than 40% of the wall surface. The following building materials are proposed:

¹² If they appear similar to clapboard or split pattern boards.

¹³ E.I.F.S. stands for Exterior Insulation Finishing Systems, sometimes referred to as synthetic stucco.



- i. Sub Level-First Floor: Cultured Stone, Subject to Board approval.
 - ii. Second-Fourth Floor: James Hardie Siding 7"¹⁴ James Hardie Panel (Vertical)¹⁵, and James Hardie Panel¹⁶. Testimony shall be provided to review materials and their compliance with the building material standards.
 - iii. Additional Building Materials: James Hardie Trim 5"¹⁷ James Hardie Corner¹⁸ James Hardie Trim 1"x11"¹⁹ Aluminum Siding²⁰ Composite Roof Shingles, and Hardie Trim 1"x 11"²¹. Subject to Board approval.
- D. For the Redevelopment Plan, building colors shall utilize historic paint colors such as Sherwin Williams' Preservation Palette or Benjamin Moore Historic Color Collection. However, other creative patterns and schemes will be considered. The building colors shall include a base color, complementary trim colors, and accent colors for doors and shutters. The Applicant is proposing Sherin Williams colors, including SW2835 and SW2837 which appear to be beige and off-white in color. Testimony shall be provided confirming the proposed building colors and compliance with the ordinance.

Roof and Roof Material

- D. For the Redevelopment Plan, roofs shall be designed to reflect the style of the historic Vernon structures in terms of pitch and materials. They shall be compatible with the building's architecture and complementary to adjoining structures. Roof offsets, dormers, and gables are encouraged. Architectural embellishments including towers, cupolas, chimneys, dormers, and cross gables can be used to break up large roof masses and add visual interest. The proposed building has a gable roof design with decorative trusses as well as a decorative chimney. Testimony shall be provided confirming compliance with the ordinance, as well as the building material used for the decorative trusses and decorative chimney cover.
- E. For the Redevelopment Plan, gable roofs with a slope of no less than 8:12 (excluding porches and dormers) are recommended. Flat roofs are discouraged on one-and-a-half story buildings. Flat roofs on two- and three-story buildings shall include a decorative parapet wall at least two (2) feet in height above the roof level up to six (6) feet high. The Applicant is proposing gable roofs with a decorative roof/parapet. Testimony shall be provided confirming the height of the decorative roof/parapet and the slope of the gable roofs.
- F. For the Redevelopment Plan, roof material shall be textured asphalt shingles, slate, stone-like tiles or wood shingles, in dark earth-tone colors compatible with the architecture of the building. Metal roofs or panels that be designed architecturally as accent features. Composite roof shingles are proposed. Testimony shall be provided confirming the roof material and roof color, as well as compliance with the ordinance.
- G. For the Redevelopment Plan, roofs shall be designed to hide rooftop service equipment. Testimony shall be provided confirming compliance.

¹⁴ Color-Sherwin-Williams (SW2835).

¹⁵ Color-Sherwin-Williams (SW2835).

¹⁶ Color-Sherwin-Williams (SW2835).

¹⁷ Color-Sherwin-Williams (SW2835) – Windsor Trim.

¹⁸ Color-Sherwin-Williams (SW2835) – Corner Façade Trim.

¹⁹ Color-Sherwin-Williams (SW2835) – First Floor Parapet.

²⁰ Balcony Railing.

²¹ Corner Façade Panel.



Service Equipment

- H. Per the Redevelopment Plan, all air conditioning units, HVAC systems, exhaust pipes or stacks, elevator housing and satellite dishes and other telecommunications/receiving devices shall be screened from public view, by using walls, roof elements, penthouse-type screening devices or landscaping, designed to be architecturally compatible with the building's style, materials, colors and details. Testimony shall be provided confirming compliance.

Lighting

- I. Per the Redevelopment Plan, decorative fixtures shall be used both along the street edge and private walkways to establish a consistent lighting design theme. Fixtures shall be Haddco Independence (VI51) fixture in black, double-headed, with decorative post and shaft as shown below, or an equivalent light fixture and pole approved by the Land Use Board. Downward facing lights may be approved by the Land Use Board for interior parking areas.
- i. Three (3) decorative light fixture poles with a twin arm bracket¹² and an independence (VN161) LED light fixture¹³ are proposed along Omega Drive.¹⁴
 - ii. Seven (7) of the above-mentioned decorative light poles/fixtures are proposed in the parking area, and 10 downlight ceiling light fixtures are proposed in the podium parking area and the building main entrance area.
- J. Per the Redevelopment Plan, LED lights are encouraged. The light color and warmth shall be similar to and compatible with surrounding properties within the area. LED lighting is proposed; however, testimony shall be provided confirming compliance.
- K. Per the Redevelopment Plan, light pole mounted fixtures, bollards and wall mounted fixtures shall follow an approved lighting design plan. Maximum twelve-foot-high (12') decorative light poles shall be used. Lighting intensity shall be consistent with the Land Development Subcode Section 330-60. House side shields must be provided where abutting a residential use. Low-pressure sodium, fluorescent, or mercury vapor lighting, either attached to the exterior building facade or to light the exterior of the building is prohibited. Neon lighting is prohibited.
- i. Three (3) and seven (7) pole-mounted light fixtures are proposed along Omega Drive and within the parking area, respectively, and with a mounting height of 12 feet. See samples.

15. Green Building Standards:

- A. LEED-certified buildings are encouraged to promote the construction of buildings that are energy efficient, that place less demand on local utilities and are most cost-efficient to operate over time. If a building is not proposed to be LEED certified, at least three (3) of the following green building standards shall be incorporated into the development. Compliance with additional standards is encouraged.
1. Use of water-efficient fixtures
 2. Use of light-colored roofing materials (for roofs only)

¹² Twin Arm Bracket (Model No. F5H225-Twin), manufactured by Haddco Lighting.

¹³ LED Four Top Luminaire, manufactured by Haddco Lighting.

¹⁴ A 12-foot-high decorative pole (Model No. F5F26S-12), manufactured by Haddco Lighting.



2. Re-use of greywater and/or process water;
3. Energy star-rated appliances;
4. Energy-efficient light fixtures;
5. Use of natural light where it can be shown that it minimizes the need for artificial lighting;
6. Use of green roofs to minimize stormwater run-off;
8. Use of alternative energy source production, i.e., solar/wind subject to the Township's solar/wind ordinance;
9. Use of energy-efficient heating/cooling systems;
10. Satisfaction of any credit category that would achieve points under the LEED® Rating System may qualify for one or more of the required Green Building elements, as approved by the Land Use Board;
11. Electric vehicle charging stations.

The Applicant is proposing six (6) electric vehicle charging stations. Testimony shall be provided confirming if the proposed building is LEED certified and/or if at least two (2) additional green building standard elements are provided.

16. Signage:

- A. Directional (traffic) signage is proposed for the subject property. However, if the Applicant decides to provide additional signage identifying the proposed development's name, address, etc., then compliance with § 550-179 is required.
- B. The Applicant should confirm that no additional signage is proposed.

17. Lighting

- A. According to § 550-50C(4), light intensity shall not exceed 0.3 footcandle along any property line and shall be arranged and shielded to reflect the light away from adjoining streets or properties. This regulation shall not apply to lights that are used solely for the illumination of entrance/exits or driveways leading to a parking lot. Footcandle ranging between 0.00 and 3.00 are proposed along portions of the property line, which exceeds the maximum light intensity permitted. Variance relief was granted during Preliminary Site Plan approval.
- B. According to § 550-50C(5), the following table highlights the minimum levels of illumination (footcandle) for the TC District:

Table 5. TC District Minimum Levels of Illumination

Zone	Pedestrian Walkway	Parking Areas	Streets
TC	10/0.5	20/0.2	15/1.2



The Applicant is proposing the following illumination levels within the parking area:

Table 4. Light Intensities Within Parking Lot - Calculation Summary¹²

Area Name	Dimensions	Grid/Type	FPS	Spac	Group	Ave	Max	Min	Max / Min	Ave / Min
Area 1	930' x 385'	Grid Park 8-ft	170	5.00	one	1.47	17.84	2.28	7.82	2.54

Testimony shall be provided confirming compliance with the ordinance.

- C. According to § 330-60C(6), the style of any light standard within non-residential and multi-family developments shall be consistent with the architectural style for the principal building and, where appropriate, the architectural character of the surrounding area. Testimony shall be provided confirming compliance with the ordinance.

Criteria for Granting Deviations from the Redevelopment Plan are treated as "C" Variances

18. Deviations from the Redevelopment Plan can be granted as variances by the Board, pursuant to N.J.A.C. 40:55D-7.3a where no provisions exist:

- A. The first provision for granting a "C" variance is under N.J.A.C. 40:55D-7.3a(1) where the Board must first determine there has been a showing of peculiar exception practical difficulties or exception undue hardship arising out of the exceptional narrowness, shallowness, or shape of a piece of property, or by reason of an extraordinary and exceptional situation, uniquely affecting this specific piece of property or the structures uniquely affecting this specific piece of property or the structures lawfully existing thereon. The two-part negative criteria must also be addressed.
- B. The second provision for granting a "C" variance is under N.J.A.C. 40:55D-7.3a(2) where the Board must find that the application is related to a unique situation on a specific piece of property, that the purposes of the MULL (Appendix A) would be advanced by the requested deviation, that the variance can be granted without substantial detriment to the public good, that the benefit of granting the variance outweighs any detriment, or a the variance will not substantially impair the zone plan or ordinance. Under (c)(2), the Applicant should show that the proposal is a better zoning alternative to that which is permitted by the ordinance and provides benefits to the community as a whole, not just the Applicant. The two-part negative criteria must also be addressed.

¹² Retrieved from Sheet C03 of the Preliminary and Final Site Plan entitled, "Multi-Family Residential, Final Site Plan, Block 400, Lots 2, 3, 15 & 21 Omega Drive, Vernon Township, Sussex County, New Jersey," prepared by Berlin Engineering, dated February 6, 2025, and revised through July 21, 2025.



Township of Vernon Land Use Board
Re: Mond, LLC | LU# 2-25-1
August 21, 2025

Very truly yours,

Jessica C. Caldwell, P.E., AUC.P., L.E.E.D. - G.A.
J. Caldwell & Associates, LLC
Township of Vernon Land Use Board Planner

cc: Via Email Only
Kimberly Decker, Land Use Board Administrator
Glenn G. Niemi Esq., Board Attorney
Gary Storken, P.E., Board Engineer
Lauren Orwell Esq., Applicant's Attorney



Appendix A.

Purposes of the Municipal Land Use Law (N.J.S.A. 40:55D-2)

- a. To encourage municipal action to guide the appropriate use or development of all lands in this State, in a manner which will promote the public health, safety, morals, and general welfare;
- b. To secure safety from fire, flood, panic and other natural and man-made disasters;
- c. To provide adequate light, air and open space;
- d. To ensure that the development of individual municipalities does not conflict with the development and general welfare of neighboring municipalities, the county, and the State as a whole;
- e. To promote the establishments of appropriate population densities and concentrations that will contribute to the well-being of persons, neighborhoods, communities and regions and preservation of the environment;
- f. To encourage the appropriate and efficient expenditure of public funds by the coordination of public development with land use policies;
- g. To provide sufficient space in appropriate locations for a variety of agricultural, residential, recreational, commercial and industrial uses and open space, both public and private, according to their respective environmental requirements in order to meet the needs of New Jersey citizens;
- h. To encourage the location and design of transportation routes which will promote the free flow of traffic while discouraging location of such facilities and routes which result in congestion or blight;
- i. To promote a desirable visual environment through creative development techniques and good civic design and arrangement;
- j. To promote the conservation of historic sites and districts, open space, energy resources and valuable natural resources in the State and to prevent urban sprawl and degradation of the environment through improper use of land;
- k. To encourage planned unit developments which incorporate the best features of design and relate the type, design and layout of residential, commercial, industrial and recreational development to the particular site;
- l. To encourage senior citizen community housing construction;
- m. To encourage coordination of the various public and private procedures and activities shaping land development with a view of lessening the cost of such development and to the more efficient use of land;
- n. To promote utilization of renewable energy resources;
- o. To promote the maximum practicable recovery and recycling of recyclable materials from municipal solid waste through the use of planning practices designed to incorporate the State Recycling Plan goals and to complement municipal recycling programs;
- p. To enable municipalities the flexibility to offer alternatives to traditional development, through the use of equitable and effective planning tools including clustering, transferring development rights, and lot-size averaging in order to concentrate development in areas where growth can best be accommodated and maximized while preserving agricultural lands, open space and historic sites; and
- q. To ensure that the development of individual municipalities does not unnecessarily encroach upon military facilities or negatively impact the operation of military facilities, and to those ends to encourage municipalities to collaborate with military facility commanders in planning and implementing appropriate land use controls, thereby improving the vitality of military facilities and protecting against their loss through the Base Realignment and Closure process or mission loss.



Appendix B
Vernon Town Center Architectural & Design Elements Photo Representations

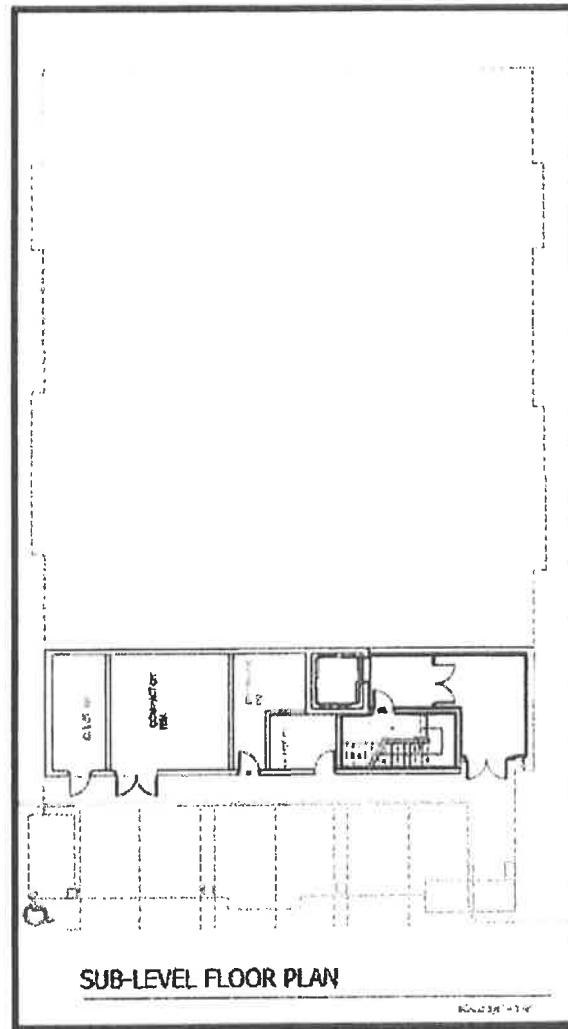






Appendix C
Proposed Architectural Floor Plans²⁴

Figure 4. Sub-Level Floor Plan



²⁴ Architectural Building Elevation and Rendering entitled, "Omega Drive 07-Unit, 19 & 21 Omega Drive, Vernon Township," prepared by MGH Architecture, LLC, dated May 8, 2025, and revised through July 16, 2025.



Figure 5 First Floor Plan

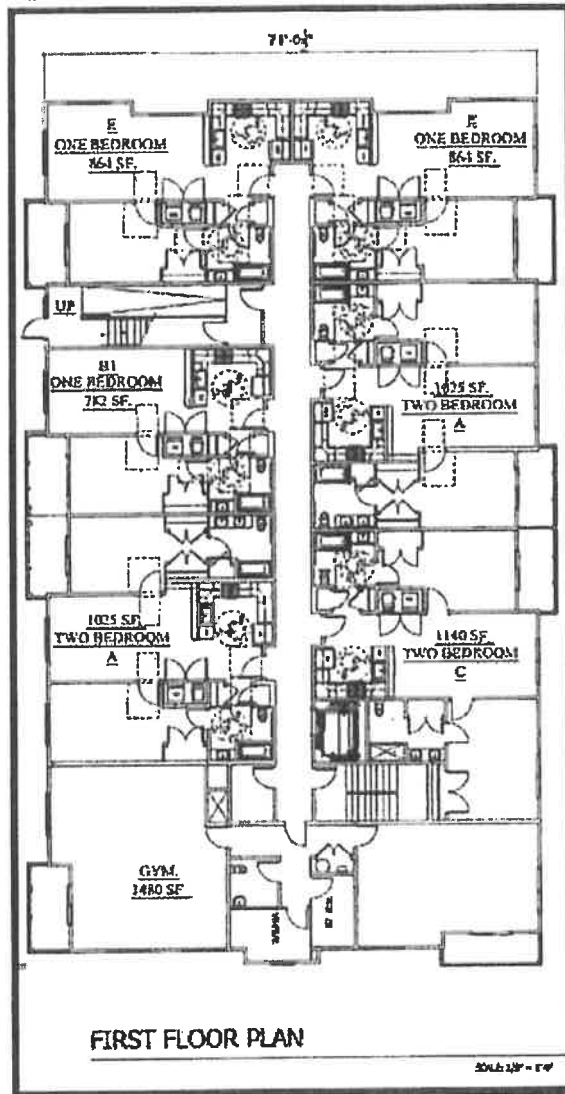
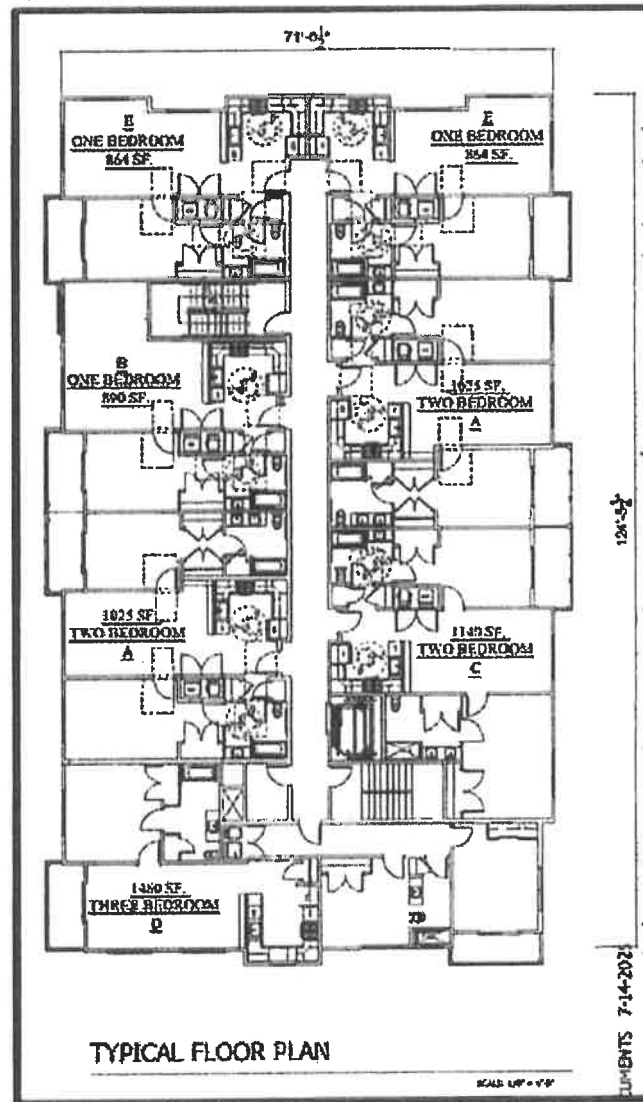




Figure 4. Typical Floor Plan





Appendix D
Proposed Architectural Building Rendering & Elevations²⁷

Figure 7. Proposed Mid-Rise Residential Architectural Building Rendering



²⁷ Architectural Building Elevations and Rendering created: "Omega Drive 27-Units (18 & 9) Omega Drive, Vernon Township," prepared by JGD Associates, Inc. dated May 6, 2025 and revised through July 14, 2025.

jgdassociates.com

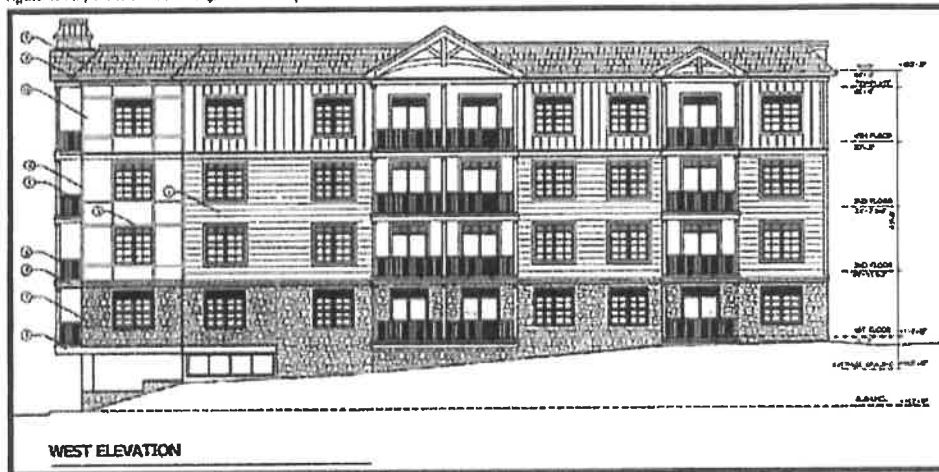
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Township of Vernon Land Use Board
Red Horse, LLC (LBA 2-22-1)
August 21, 2022

KEY NOTES	
1 JAMES HARDIE SIDING 7 COLOR: SHEPHERD/HILLMAN SWIRLS	8 ALUMINUM RAILING
2 JAMES HARDIE PANEL (VERTICAL) COLOR: SHEPHERD/HILLMAN SWIRLS	9 CULTURBO STONE
3 JAMES HARDIE TRIM 6" COLOR: SHEPHERD/HILLMAN SWIRLS	10 COMPOSITE ROOFING SHINGLES
4 JAMES HARDIE CORNER COLOR: SHEPHERD/HILLMAN SWIRLS	11 HARDIE TRIM 1X11 1/4" COLOR: SHEPHERD/HILLMAN SWIRLS
5 JAMES HARDIE TRIM 1X11 1/4" COLOR: SHEPHERD/HILLMAN SWIRLS	12 JAMES HARDIE PANEL COLOR: SHEPHERD/HILLMAN SWIRLS

Figure 8. Proposed West Building Elevation - (Front)



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Figure 8, Proposed Building Elevation - (Rept)





Figure 10. Proposed North Building Elevation - (Side)

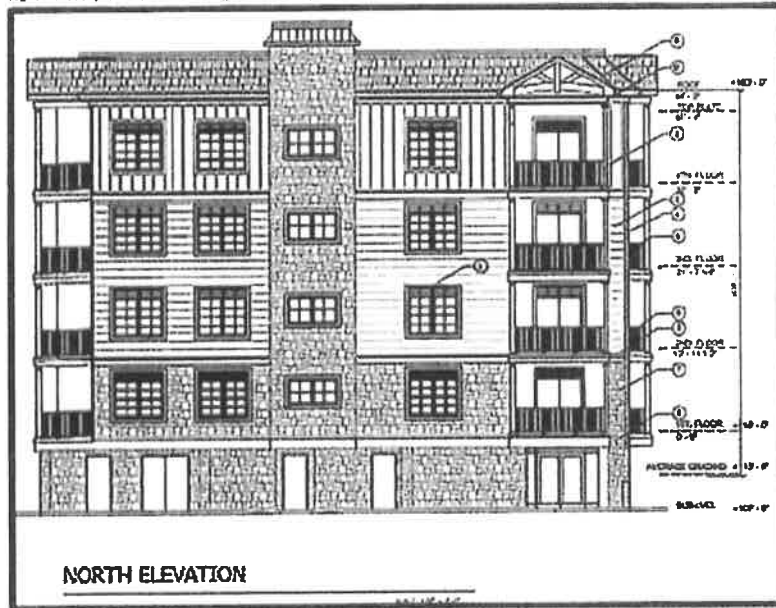
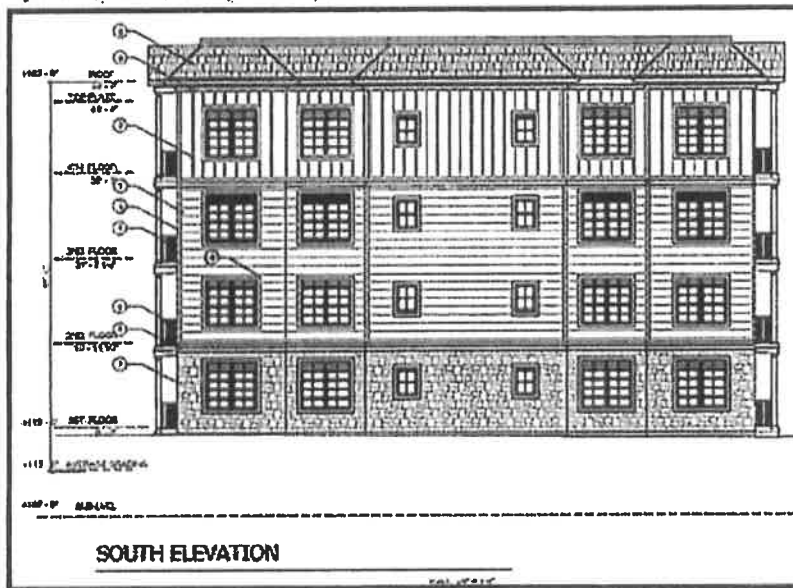




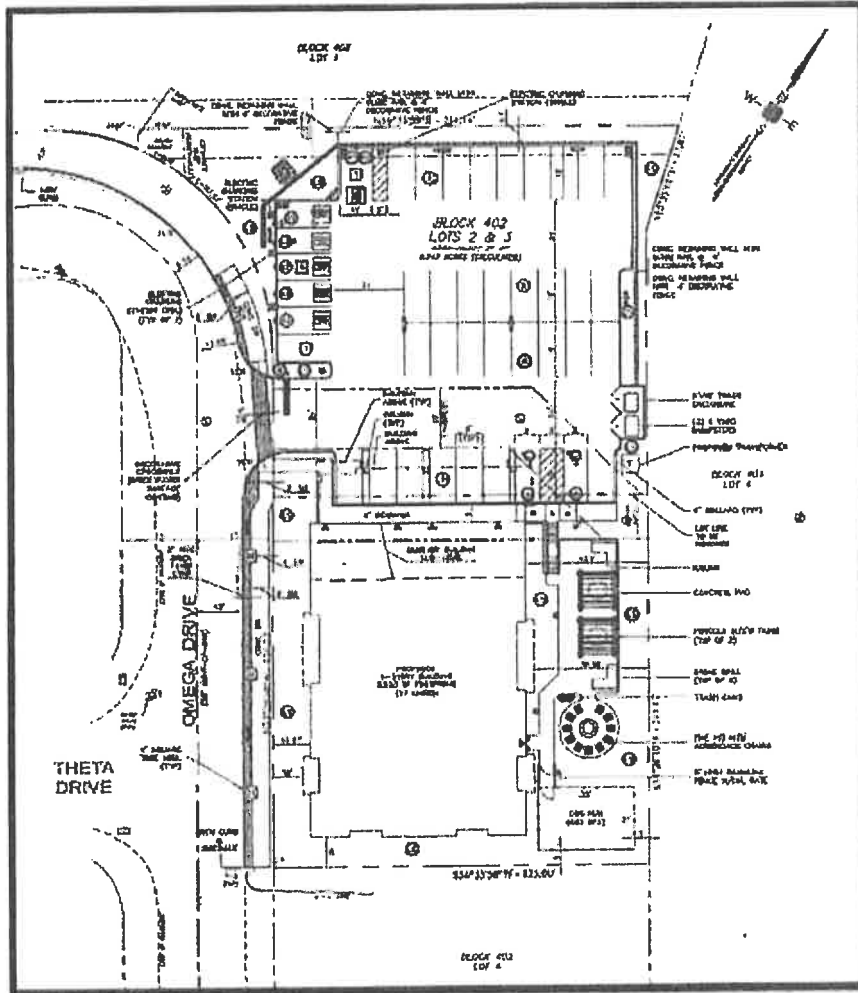
Figure 21. Proposed North Building Elevation - Side





Appendix E
Proposed Preliminary and Final Site Plan²⁸

Figure 12. Proposed Site Plan



²⁸ Sheet C02.D of the Preliminary and Final Site Plan, entitled, "Multi-Family Residential, Final Site Plan, Block 402, Lots 2 & 3, 15 & 21 Omega Drive, Vernon Township, Sussex County, New Jersey, prepared by Benth Engineering, dated February 6, 2023, and revised through July 21, 2025.

TOTAL PROJECT COST ESTIMATE

Please fill out the form included below or attach a form substantially similar in its level of detail.

Certification of Cost Estimate

Project: Omega Multifamily

Location: 19 & 21 Omega Drive (Block 402 Lots 2 & 3), Vernon Township, Sussex County, NJ

Prepared by: Nabil N. Mijalli, R.A, NJ LIC. #AIO 1665500

Firm: Mija Architecture LLC

Date: February 27, 2024

Introduction: This document serves as a certification of the cost estimate for the Omega Multifamily project located at 19 & 21 Omega Drive (Block 402, Lots 2 & 3), Vernon Township, Sussex County, New Jersey. The estimate has been prepared in accordance with industry standards and reflects both hard and soft costs associated with the development of the project. It excludes financing interest and other fees outside the scope of the architect's expertise.

Cost Breakdown

Soft Costs

Category	Amount
Acquisitions, Approvals, and Diligence	\$866,000.00
Design and Planning	\$269,000.00
Legal, Finance, and Administration	\$80,814.00
Infrastructure and Utilities	\$186,279.00
Site Management and Permitting	\$290,948.00
Marketing, Operations, and Additional Expenses	\$137,730.00
Soft Cost Subtotal	\$1,830,772.00

Hard Costs

Category	Amount
Site Work	\$1,000,000.00
Structural Foundations, Frame, and Structure	\$1,010,909.73
Exterior Enclosures (Roofing, Siding, Exterior Doors/Windows, Aluminum, Automatic Sliders)	\$591,999.09
Interior Finishes (Drywall, Acoustics, Painting, Sheet Vinyl, Stairs)	\$592,582.96
Doors and Hardware (Interior Doors, Hardware, Trim, Garage Doors)	\$263,087.04
Thermal and Moisture Protection / Insulation (Dectec)	\$90,649.65
Railings and Balustrades (Aluminum Balcony Railings, Exterior Railings)	\$84,113.68
Flooring Systems (Ceramic Tile, Vinyl Flooring, Gypcrete)	\$187,876.48
Cabinetry and Countertops	\$296,369.14
Mechanical, Electrical, and Plumbing (MEP) (Plumbing, HVAC, Electrical, Plumbing Fixtures)	\$1,568,072.93

Category	Amount
Technology and Safety Systems (Low Voltage, Access Control and Camera System, Fire Protection, Fire Extinguishers, Elevator)	\$273,973.77
Amenities and Fixtures (Fitness Center Equipment, Bath Accessories, Closet Shelving, Mirrors)	\$148,000.00
Waste Management and Services (Trash Chute and Compactor, Mailboxes, Storage Lockers)	\$62,817.58
Finishing Touches (Appliances, Blinds, Signage, Light Fixtures)	\$250,370.74
Cleanup, Contingency, and General Conditions	\$1,026,544.71
Hard Cost Subtotal	\$7,447,367.50

Certification

I, Nabil N. Mijalli, R.A., am a licensed architect (License No. AIO 1665500) and hereby certify that the foregoing cost estimate for the Omega Multifamily Project in Vernon, New Jersey, has been prepared in accordance with applicable professional standards and represents a fair and reasonable estimate of the costs required to complete the project as described.

This certification is provided in support of the Application for Long-Term Tax Abatement, and I understand that it will be relied upon by the Township of Vernon.

Signature: _____

Name: Nabil N. Mijalli, R.A.

License Number: AIO 1665500

Date: September 27, 2025

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.

Certification of Per Unit Cost Estimate

Project: Omega Multifamily

Location: 19 & 21 Omega Drive (Block 402 Lots 2 & 3), Vernon Township, Sussex County, New Jersey

Prepared by: Nabil N. Mijalli, R.A, NJ LIC. #AIO 1665500

Firm: Mija Architecture LLC

Date: September 27, 2025

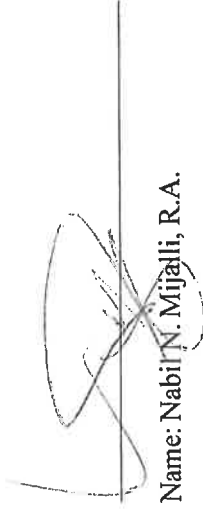
Introduction: This document serves as a certification of the per unit cost estimate and breakdown for the Omega Multifamily Housing located at 19 & 21 Omega Drive (Block 402 Lots 2 & 3), Vernon Township, Sussex County, New Jersey. The estimate has been prepared in accordance with industry standards and reflects both hard and soft costs associated with the development of the project.

19 & 21 Omega Drive - Per Unit Cost Estimate

	<u>Unit Type A</u>	<u>Unit Type B</u>	<u>Unit Type C</u>	<u>Unit Type D</u>	<u>Unit Type E</u>
<i>Soft Costs</i>	\$67,815.55	\$67,815.55	\$67,815.55	\$67,815.55	\$67,815.55
<i>Financing Costs</i>	\$27,052.11	\$27,052.11	\$27,052.11	\$27,052.11	\$27,052.11
<i>Site Work, Foundations, Framing, Structural, Insulation</i>	\$74,115.36	\$74,115.36	\$74,115.36	\$74,115.36	\$74,115.36
<i>Exterior and Interior Finishes</i>	\$72,864.02	\$63,267.30	\$81,039.01	\$105,208.54	\$61,419.04
<i>Flooring, Cabinetry, Countertops</i>	\$23,034.65	\$20,000.82	\$25,619.02	\$33,259.78	\$19,416.52
<i>Mechanical, Safety, Technology, Amenities, Waste Management, Services</i>	\$93,797.13	\$93,797.13	\$93,797.13	\$93,797.13	\$93,797.13
<i>Appliances, Blinds, Signage, Light Fixtures</i>	\$11,908.38	\$11,908.38	\$11,908.38	\$11,908.38	\$11,908.38
<i>Total</i>	\$370,587.20	\$357,956.65	\$381,346.56	\$413,156.85	\$355,524.09

Certification:

I, Nabil N. Mijalli, R.A, am a licensed architect with license #AIO 1665500, certify that the foregoing cost estimate for the Omega Multifamily Housing has been prepared in accordance with the applicable standards and represents a fair and reasonable estimate of the costs required to complete the project as described. This certification is provided in support of the Application for Long Term Tax Abatement and I understand that it will be relied upon by the Township of Vernon.

A handwritten signature in dark ink, appearing to read 'N. Mijalli', is written over a horizontal line.

Name: Nabil N. Mijalli, R.A.

License Number: #AIO 1665500

Date: September 29, 2025

Exhibit 13

PROJECT PRO FORMA

Executive Summary				
Project Summary				
Project Name:	Omega	Residential Units:	27	
Street Address:	19-21 Omega Dr. Vernon, NJ	Average Rent :	\$2,343.36	
Acreage:	0.75	Average Unit (SF):	1,025	
Block/Lot		Monthly Total:	\$63,270.70	
Gross Buildable SF:	35,722	Annual Total:	\$759,248.40	
Avg Hard Cost PSF:	\$208.48	Parking Spaces:	41	
Sources and Uses Summary				
Sources of Capital				
		per unit		%
Sponsor Equity	\$4,243,166.71	\$157,154.32		43%
Bank Loan	\$5,716,673.06	\$211,728.63		57%
Total Sources	\$9,959,839.77	\$368,882.95		100%
Uses of Capital				
		per unit		%
Land	\$810,000.00	\$30,000.00		8%
Hard Costs	\$7,447,367.50	\$275,828.43		75%
Soft Costs	\$1,020,771.54	\$37,806.35		10%
Financing Costs	\$681,700.73	\$25,248.18		7%
Total Use	\$9,959,839.77	\$368,882.95		100%
Cashflow Summary		Debt Summary		
Effective Gross Income	\$751,134.98	Loan Amount	\$5,716,673.06	
NOI	\$506,422.43	LTV	65%	
Operating Expenses	\$244,712.55	Annual Debt Service	\$405,137.95	
Capitalized Value	\$8,807,346.65	DSCR	1.25	

Sources and Uses

Sources of Capital			
	Total Project	Per Unit	% of Total
Developer Equity	\$ 4,243,167	\$ 157,154.32	43%
Bank Loan	\$ 5,716,673	\$ 211,728.63	57%
Total Sources	\$ 9,959,840	\$ 368,882.95	100%

75% LTC	\$ 6,971,887.84
70% LTV	\$ 6,165,142.66

Uses of Capital

	Total Project	Per Unit	% of Total
Land and Improvements	\$ 810,000	\$ 30,000.00	8.1%
Land	\$ -	\$ -	0%
Existing Improvements	\$ -	\$ -	0%
Subtotal Land and Improvements	\$ 810,000	\$ 30,000.00	8.1%
Hard Costs	Total Project	Per Unit	% of Total
Sitework	\$ 1,000,000.00	\$ 37,037.04	10.0%
Residential Construction	\$ 5,992,350.00	\$ 221,938.89	60.2%
Amenity Construction	\$ 148,000.00	\$ 5,481.48	1.5%
Hard Cost Contingency	\$ 307,017.50	\$ 11,371.02	3.1%
Subtotal Hard Costs	\$ 7,447,367.50	\$ 275,828.43	74.8%
Soft Costs	Total Project	Per Unit	% of Total
Civil Engineer	\$ 47,000	\$ 1,740.74	0.47%
MEP	\$ 75,000	\$ 2,777.78	0.75%
Structural	\$ 47,000	\$ 1,740.74	0.47%
Architecture	\$ 100,000	\$ 3,703.70	1.00%
Approvals	\$ 50,000	\$ 1,851.85	0.50%
Survey	\$ 15,000	\$ 555.56	0.15%
Title Insurance	\$ 40,900	\$ 1,514.81	0.41%
Inspection Fees	\$ 40,000	\$ 1,481.48	0.40%
Controlled Inspections	\$ 24,543	\$ 909.00	0.25%
Legal	\$ 20,000	\$ 740.74	0.20%
Insurance / Building Risk / Gl	\$ 165,655	\$ 6,135.38	1.66%
Real Estate Taxes (During Construction)	\$ 6,122	\$ 226.74	0.06%
Building Permits	\$ 60,750	\$ 2,250.00	0.61%
Street Opening/Water Allocation and Wet Tap	\$ 9,222	\$ 341.56	0.09%
Sewer Connection Fee	\$ 177,057	\$ 6,557.67	1.78%
Marketing	\$ 17,000	\$ 629.63	0.17%
Working Capital	\$ 36,000	\$ 1,333.33	0.36%
Appraisal	\$ 4,914	\$ 182.00	0.05%
Other Amenities Package	\$ 30,000	\$ 1,111.11	0.30%
Environmental	\$ 6,000	\$ 222.22	0.06%
Soft Cost Contingency	\$ 48,608	\$ 1,800.30	0.49%
Subtotal Soft Costs	\$ 1,020,772	\$ 37,806.35	10.2%
Financing Costs	Total Project	Per Unit	% of Total
Broker Fee	\$ 28,583	\$ 1,058.64	0.3%
Bank Commitment Fee	\$ 28,583	\$ 1,058.64	0.3%
Bank Legal	\$ 30,000	\$ 1,111.11	0.3%
Interest (Construction)	\$ 594,534	\$ 22,019.78	6.0%
Subtotal Conventional Financing	\$ 681,701	\$ 25,248.18	6.8%
Total Project Cost	\$ 9,959,840	\$ 368,882.95	100.0%

Approved Units:	27
-----------------	----

Residential PSF:	\$175.00
Amenity:	\$100.00
% Contingency:	5.0%

Total Residential	34,242
Total Amenities	1,480

Broker Fee	\$ 28,583	\$ 1,058.64	0.3%
Bank Commitment Fee	\$ 28,583	\$ 1,058.64	0.3%
Bank Legal	\$ 30,000	\$ 1,111.11	0.3%
Interest (Construction)	\$ 594,534	\$ 22,019.78	6.0%
Subtotal Conventional Financing	\$ 681,701	\$ 25,248.18	6.8%
Total Project Cost	\$ 9,959,840	\$ 368,882.95	100.0%

Broker Fee	0.5%
Commitment Fee	0.5%
Term (years)	2
Construction Rate	8.0%

Year 1 Cash Flow

Project Summary				
# of Units	27	Monthly Rent per Unit	\$	2,343.36
# of Parking Spots	14	Monthly Cost per Unit	\$	755.29
Market Rate Units	78%	21	\$	2,597.32
COAH Units	22%	6	\$	1,454.50
Income Breakdown				
Total Project				
Apartments		759,248.40	\$	28,120.31
Parking		16,800.00	\$	100.00
Amenity Fee	21	13,000.00	\$	200.00
Pet Fee	10%	1,620.00	\$	50.00
Potential Gross Income		790,668.40	\$	29,284.01
Vacancy	5%	(39,533.42)	\$	(1,464.20)
Effective Gross Income		751,134.98	\$	27,819.81
Expense Breakdown				
Total Project				
Repairs and Maintenance		40,500.00	\$	1,500.00
Turnover Maintenance		1,350.00	\$	50.00
Management Fees	3%	22,534.05	\$	834.59
Insurance		27,000.00	\$	1,000.00
Taxes	10%	75,113.50	\$	600.00
Utilities		24,300.00	\$	900.00
Waste Disposal		5,940.00	\$	220.00
Landscaping and Snow Removal		7,425.00	\$	275.00
Elevator Service and Maintenance		9,500.00	\$	351.85
Pest Control and Misc Inspections		5,400.00	\$	200.00
General and Administrative		6,750.00	\$	250.00
Salaries and Payroll		13,500.00	\$	500.00
Misc Reserves		5,400.00	\$	200.00
Expense Subtotal	33%	244,712.55	\$	9,063.43
Project Value Metrics				
		Total Project	Per Unit	
NOI		506,422.43	\$	18,756.39
Capitalized Value	5.75%	8,807,346.65	\$	326,198.02
Permanent Financial Metrics				
		Facility Constraint Metrics		
Perm Loan Amount		5,716,673.06		Loan Amount
Annual Debt Service		405,137.95		Benchmark
Loan to Value		64.91%		1.25x DSCR
DSCR Ratio		1.25		70% LTV
Interest Rate		5.86%		75% LTC
Amortization (in years)		30		
5 Year T	3.61%			
Spread	2.25%			

per unit annually
per rentable space monthly
per eligible unit annually
per pet monthly

per unit annually
per unit annually
percentage based annually
per unit annually
percentage based annually
per unit annually
per unit annually
per elevator annually
per unit annually
per unit annually
per unit annually
per unit annually

		Rental Income Summary				
Unit Type	Beds	Baths	Rent	# of Units	Inquire	PEE
A	2	2	\$2,613.75	6	\$15,682.50	\$2.55
B	1	1	\$2,469.75	4	\$9,879.00	\$2.78
C	2	2	\$2,907.00	3	\$8,721.00	\$2.55
D	3	1	\$3,478.00	53	\$18,476.00	\$2.36
E	1	1	\$2,397.50	7	\$16,783.20	\$2.78
COAH E	1	1	\$677.00	1	\$677.00	\$0.78
COAH A	1	1	\$1,355.00	1	\$1,355.00	\$1.32
COAH C	2	2	\$1,626.00	2	\$3,252.00	\$1.43
Mod	3	2	\$1,555.00	1	\$1,565.00	\$1.06
COAH D	3	2	\$1,878.00	1	\$1,878.00	\$1.27
Mod			\$1,878.00			

Total Units	27
Average Rent	\$2,343.36
Average Unit SF	1025
Monthly Total:	\$63,270.70
Annual Total:	\$759,248.40

PSF Comps	Min	Max	Avg
1 bed	\$2.65	\$2.90	\$2.78
2 bed	\$2.35	\$2.75	\$2.55
3 bed	\$2.00	\$2.35	\$2.18

Footprint	8,588
Stories	4

Construction Summary			
	<u>Apartment 157</u>	<u>Common 157</u>	<u>Annex 157</u>
Sublevel		1370	
Floor 1	5808	1,300	1450
Floor 2	7288	1,300	
Floor 3	7288	1,300	
Floor 4	7288	1,300	
Total	22672	6570	1450

[illegible]

Unit Breakdown									
Floor	Unit	SF	Beds	Unit Types					
				Beds			#	Market	COAH
1	A	1025	2	A	2	1025	8	6	2
	B	890	1	B	1	890	4	4	0
	E	864	1	C	2	1140	4	3	1
	E	864	1	D	3	1480	3	1	2
	A	1025	2	E	1	864	8	7	1
2	C	1140	2				27	21	6
	D	1480	3						
	A	1025	2						
	B	890	1						
	E	864	1						
3	E	864	1						
	A	1025	2						
	C	1140	2						
	D	1480	3						
	A	1025	2						
4	B	890	1						
	E	864	1						
	E	864	1						
	A	1025	2						
	C	1140	2						
	D	1480	3						
	A	1025	2						
	B	890	1						
	E	864	1						
	E	864	1						

Beds		
1	12	
2	12	
3	3	

Amortization Schedule				
Pmt #	Pmt	Principal	Interest	Principal Balance
Year 1				
1	\$33,761.50	\$5,845.08	\$27,916.42	\$5,710,827.99
2	\$33,761.50	\$5,873.62	\$27,887.88	\$5,704,954.37
3	\$33,761.50	\$5,902.30	\$27,859.19	\$5,699,052.06
4	\$33,761.50	\$5,931.12	\$27,830.37	\$5,693,120.94
5	\$33,761.50	\$5,960.09	\$27,801.41	\$5,687,160.85
6	\$33,761.50	\$5,989.19	\$27,772.30	\$5,681,171.66
7	\$33,761.50	\$6,018.44	\$27,743.05	\$5,675,153.22
8	\$33,761.50	\$6,047.83	\$27,713.66	\$5,669,105.39
9	\$33,761.50	\$6,077.36	\$27,684.13	\$5,663,028.02
10	\$33,761.50	\$6,107.04	\$27,654.45	\$5,656,920.98
11	\$33,761.50	\$6,136.86	\$27,624.63	\$5,650,784.12
12	\$33,761.50	\$6,166.83	\$27,594.66	\$5,644,617.28
Year 2				
13	\$33,761.50	\$6,196.95	\$27,564.55	\$5,638,420.34
14	\$33,761.50	\$6,227.21	\$27,534.29	\$5,632,193.13
15	\$33,761.50	\$6,257.62	\$27,503.88	\$5,625,935.51
16	\$33,761.50	\$6,288.18	\$27,473.32	\$5,619,647.33
17	\$33,761.50	\$6,318.88	\$27,442.61	\$5,613,328.45
18	\$33,761.50	\$6,349.74	\$27,411.75	\$5,606,978.70
19	\$33,761.50	\$6,380.75	\$27,380.75	\$5,600,597.95
20	\$33,761.50	\$6,411.91	\$27,349.59	\$5,594,186.05
21	\$33,761.50	\$6,443.22	\$27,318.28	\$5,587,742.83
22	\$33,761.50	\$6,474.68	\$27,286.81	\$5,581,268.14
23	\$33,761.50	\$6,506.30	\$27,255.19	\$5,574,761.84
24	\$33,761.50	\$6,538.08	\$27,223.42	\$5,568,223.76
Year 3				
25	\$33,761.50	\$6,570.00	\$27,191.49	\$5,561,653.76
26	\$33,761.50	\$6,602.09	\$27,159.41	\$5,555,051.67
27	\$33,761.50	\$6,634.33	\$27,127.17	\$5,548,417.35
28	\$33,761.50	\$6,666.72	\$27,094.77	\$5,541,750.62
29	\$33,761.50	\$6,699.28	\$27,062.22	\$5,535,051.34
30	\$33,761.50	\$6,731.99	\$27,029.50	\$5,528,319.35
31	\$33,761.50	\$6,764.87	\$26,996.63	\$5,521,554.48
32	\$33,761.50	\$6,797.90	\$26,963.59	\$5,514,756.57
33	\$33,761.50	\$6,831.10	\$26,930.39	\$5,507,925.47
34	\$33,761.50	\$6,864.46	\$26,897.04	\$5,501,061.01
35	\$33,761.50	\$6,897.98	\$26,863.51	\$5,494,163.03
36	\$33,761.50	\$6,931.67	\$26,829.83	\$5,487,231.37
Year 4				
37	\$33,761.50	\$6,965.52	\$26,795.98	\$5,480,265.85
38	\$33,761.50	\$6,999.53	\$26,761.96	\$5,473,266.32
39	\$33,761.50	\$7,033.71	\$26,727.78	\$5,466,232.61
40	\$33,761.50	\$7,068.06	\$26,693.44	\$5,459,164.55
41	\$33,761.50	\$7,102.58	\$26,658.92	\$5,452,061.97
42	\$33,761.50	\$7,137.26	\$26,624.24	\$5,444,924.71
43	\$33,761.50	\$7,172.11	\$26,589.38	\$5,437,752.60
44	\$33,761.50	\$7,207.14	\$26,554.36	\$5,430,545.46
45	\$33,761.50	\$7,242.33	\$26,519.16	\$5,423,303.13
46	\$33,761.50	\$7,277.70	\$26,483.80	\$5,416,025.43
47	\$33,761.50	\$7,313.24	\$26,448.26	\$5,408,712.20
48	\$33,761.50	\$7,348.95	\$26,412.54	\$5,401,363.25
Year 5				
49	\$33,761.50	\$7,384.84	\$26,376.66	\$5,393,978.41
50	\$33,761.50	\$7,420.90	\$26,340.59	\$5,386,557.51
51	\$33,761.50	\$7,457.14	\$26,304.36	\$5,379,100.37
52	\$33,761.50	\$7,493.56	\$26,267.94	\$5,371,606.81
53	\$33,761.50	\$7,530.15	\$26,231.35	\$5,364,076.66
54	\$33,761.50	\$7,566.92	\$26,194.57	\$5,356,509.74
55	\$33,761.50	\$7,603.87	\$26,157.62	\$5,348,905.87
56	\$33,761.50	\$7,641.01	\$26,120.49	\$5,341,264.86
57	\$33,761.50	\$7,678.32	\$26,083.18	\$5,333,586.54
58	\$33,761.50	\$7,715.81	\$26,045.68	\$5,325,870.73
59	\$33,761.50	\$7,753.49	\$26,008.00	\$5,318,117.24
60	\$33,761.50	\$7,791.36	\$25,970.14	\$5,310,325.88
Year 6				
61	\$33,761.50	\$7,829.40	\$25,932.09	\$5,302,496.48
62	\$33,761.50	\$7,867.64	\$25,893.86	\$5,294,628.84
63	\$33,761.50	\$7,906.06	\$25,855.44	\$5,286,722.78
64	\$33,761.50	\$7,944.67	\$25,816.83	\$5,278,778.11
65	\$33,761.50	\$7,983.46	\$25,778.03	\$5,270,794.65
66	\$33,761.50	\$8,022.45	\$25,739.05	\$5,262,772.20
67	\$33,761.50	\$8,061.62	\$25,699.87	\$5,254,710.58
68	\$33,761.50	\$8,100.99	\$25,660.50	\$5,246,609.59
69	\$33,761.50	\$8,140.55	\$25,620.94	\$5,238,469.03
70	\$33,761.50	\$8,180.31	\$25,581.19	\$5,230,288.73
71	\$33,761.50	\$8,220.25	\$25,541.24	\$5,222,068.48
72	\$33,761.50	\$8,260.39	\$25,501.10	\$5,213,808.08
Year 7				
73	\$33,761.50	\$8,300.73	\$25,460.76	\$5,205,507.35
74	\$33,761.50	\$8,341.27	\$25,420.23	\$5,197,166.08
75	\$33,761.50	\$8,382.00	\$25,379.49	\$5,188,784.08
76	\$33,761.50	\$8,422.93	\$25,338.56	\$5,180,361.15
77	\$33,761.50	\$8,464.07	\$25,297.43	\$5,171,897.08
78	\$33,761.50	\$8,505.40	\$25,256.10	\$5,163,391.68
79	\$33,761.50	\$8,546.93	\$25,214.56	\$5,154,844.75
80	\$33,761.50	\$8,588.67	\$25,172.83	\$5,146,256.08
81	\$33,761.50	\$8,630.61	\$25,130.88	\$5,137,625.47
82	\$33,761.50	\$8,672.76	\$25,088.74	\$5,128,952.71
83	\$33,761.50	\$8,715.11	\$25,046.39	\$5,120,237.60
84	\$33,761.50	\$8,757.67	\$25,003.83	\$5,111,479.93
Year 8				
85	\$33,761.50	\$8,800.44	\$24,961.06	\$5,102,679.50
86	\$33,761.50	\$8,843.41	\$24,918.08	\$5,093,836.09
87	\$33,761.50	\$8,886.60	\$24,874.90	\$5,084,949.49
88	\$33,761.50	\$8,929.99	\$24,831.50	\$5,076,019.50
89	\$33,761.50	\$8,973.60	\$24,787.90	\$5,067,045.90
90	\$33,761.50	\$9,017.42	\$24,744.07	\$5,058,028.48
91	\$33,761.50	\$9,061.46	\$24,700.04	\$5,048,967.02
92	\$33,761.50	\$9,105.71	\$24,655.79	\$5,039,861.32
93	\$33,761.50	\$9,150.17	\$24,611.32	\$5,030,711.14
94	\$33,761.50	\$9,194.86	\$24,566.64	\$5,021,516.29
95	\$33,761.50	\$9,239.76	\$24,521.74	\$5,012,276.53
96	\$33,761.50	\$9,284.88	\$24,476.62	\$5,002,991.65
Year 9				
97	\$33,761.50	\$9,330.22	\$24,431.28	\$4,993,661.43
98	\$33,761.50	\$9,375.78	\$24,385.71	\$4,984,285.65
99	\$33,761.50	\$9,421.57	\$24,339.93	\$4,974,864.08
100	\$33,761.50	\$9,467.58	\$24,293.92	\$4,965,396.51
101	\$33,761.50	\$9,513.81	\$24,247.69	\$4,955,882.70
102	\$33,761.50	\$9,560.27	\$24,201.23	\$4,946,322.43
103	\$33,761.50	\$9,606.95	\$24,154.54	\$4,936,715.47
104	\$33,761.50	\$9,653.87	\$24,107.63	\$4,927,061.61
105	\$33,761.50	\$9,701.01	\$24,060.48	\$4,917,360.59

Amortization (years)	30
Interest Rate	5.86%

Debt Schedule	
Year	0
Year	1
Year	2
Year	3
Year	4
Year	5
Year	6
Year	7
Year	8
Year	9
Year	10

106	\$33,761.50	\$9,748.38	\$24,013.11	\$4,907,612.21
107	\$33,761.50	\$9,795.99	\$23,965.51	\$4,897,816.22
108	\$33,761.50	\$9,843.83	\$23,917.67	\$4,887,972.39
Year 10				
109	\$33,761.50	\$9,891.90	\$23,869.60	\$4,878,080.50
110	\$33,761.50	\$9,940.20	\$23,821.29	\$4,868,140.29
111	\$33,761.50	\$9,988.74	\$23,772.75	\$4,858,151.55
112	\$33,761.50	\$10,037.52	\$23,723.97	\$4,848,114.03
113	\$33,761.50	\$10,086.54	\$23,674.96	\$4,838,027.49
114	\$33,761.50	\$10,135.79	\$23,625.70	\$4,827,891.70
115	\$33,761.50	\$10,185.29	\$23,576.20	\$4,817,706.40
116	\$33,761.50	\$10,235.03	\$23,526.47	\$4,807,471.37
117	\$33,761.50	\$10,285.01	\$23,476.49	\$4,797,186.36
118	\$33,761.50	\$10,335.24	\$23,426.26	\$4,786,851.13
119	\$33,761.50	\$10,385.71	\$23,375.79	\$4,776,465.42
120	\$33,761.50	\$10,436.42	\$23,325.07	\$4,766,019.00
Year 11				
121	\$33,761.50	\$10,487.39	\$23,274.11	\$4,755,541.61
122	\$33,761.50	\$10,538.60	\$23,222.89	\$4,745,003.01
123	\$33,761.50	\$10,590.06	\$23,171.43	\$4,734,412.95
124	\$33,761.50	\$10,641.78	\$23,119.72	\$4,723,771.17
125	\$33,761.50	\$10,693.75	\$23,067.75	\$4,713,077.42
126	\$33,761.50	\$10,745.97	\$23,015.53	\$4,702,331.46
127	\$33,761.50	\$10,798.44	\$22,963.05	\$4,691,533.01
128	\$33,761.50	\$10,851.18	\$22,910.32	\$4,680,681.84
129	\$33,761.50	\$10,904.17	\$22,857.33	\$4,669,777.67
130	\$33,761.50	\$10,957.41	\$22,804.08	\$4,658,820.26
131	\$33,761.50	\$11,010.92	\$22,750.57	\$4,647,809.33
132	\$33,761.50	\$11,064.69	\$22,696.80	\$4,636,744.64
Year 12				
133	\$33,761.50	\$11,118.73	\$22,642.77	\$4,625,625.91
134	\$33,761.50	\$11,173.02	\$22,588.47	\$4,614,452.89
135	\$33,761.50	\$11,227.58	\$22,533.91	\$4,603,225.31
136	\$33,761.50	\$11,281.41	\$22,479.08	\$4,591,942.90
137	\$33,761.50	\$11,337.51	\$22,423.99	\$4,580,605.39
138	\$33,761.50	\$11,392.87	\$22,368.62	\$4,569,212.52
139	\$33,761.50	\$11,448.51	\$22,312.99	\$4,557,764.01
140	\$33,761.50	\$11,504.41	\$22,257.08	\$4,546,259.59
141	\$33,761.50	\$11,560.59	\$22,200.90	\$4,534,699.00
142	\$33,761.50	\$11,617.05	\$22,144.45	\$4,523,081.95
143	\$33,761.50	\$11,673.78	\$22,087.72	\$4,511,408.17
144	\$33,761.50	\$11,730.79	\$22,030.71	\$4,499,677.39
Year 13				
145	\$33,761.50	\$11,788.07	\$21,973.42	\$4,487,889.31
146	\$33,761.50	\$11,845.64	\$21,915.86	\$4,476,043.68
147	\$33,761.50	\$11,903.48	\$21,858.01	\$4,464,140.20
148	\$33,761.50	\$11,961.61	\$21,799.88	\$4,452,178.59
149	\$33,761.50	\$12,020.02	\$21,741.47	\$4,440,158.56
150	\$33,761.50	\$12,078.72	\$21,682.77	\$4,428,079.84
151	\$33,761.50	\$12,137.71	\$21,623.79	\$4,415,942.14
152	\$33,761.50	\$12,196.98	\$21,564.52	\$4,403,745.16
153	\$33,761.50	\$12,256.54	\$21,504.96	\$4,391,488.62
154	\$33,761.50	\$12,316.39	\$21,445.10	\$4,379,172.22
155	\$33,761.50	\$12,376.54	\$21,384.96	\$4,366,795.69
156	\$33,761.50	\$12,436.98	\$21,324.52	\$4,354,358.71
Year 14				
157	\$33,761.50	\$12,497.71	\$21,263.79	\$4,341,861.00
158	\$33,761.50	\$12,558.74	\$21,202.75	\$4,329,302.26
159	\$33,761.50	\$12,620.07	\$21,141.43	\$4,316,682.19
160	\$33,761.50	\$12,681.70	\$21,079.80	\$4,304,000.49
161	\$33,761.50	\$12,743.63	\$21,017.87	\$4,291,256.87
162	\$33,761.50	\$12,805.86	\$20,955.64	\$4,278,451.01
163	\$33,761.50	\$12,868.39	\$20,893.10	\$4,265,582.61
164	\$33,761.50	\$12,931.23	\$20,830.26	\$4,252,651.38
165	\$33,761.50	\$12,994.38	\$20,767.11	\$4,239,657.00
166	\$33,761.50	\$13,057.84	\$20,703.66	\$4,226,599.16
167	\$33,761.50	\$13,121.60	\$20,639.89	\$4,213,477.56
168	\$33,761.50	\$13,185.68	\$20,575.82	\$4,200,291.88
Year 15				
169	\$33,761.50	\$13,250.07	\$20,511.43	\$4,187,041.81
170	\$33,761.50	\$13,314.77	\$20,446.72	\$4,173,727.03
171	\$33,761.50	\$13,379.80	\$20,381.70	\$4,160,347.24
172	\$33,761.50	\$13,445.13	\$20,316.36	\$4,146,902.11
173	\$33,761.50	\$13,510.79	\$20,250.71	\$4,133,391.32
174	\$33,761.50	\$13,576.77	\$20,184.73	\$4,119,814.55
175	\$33,761.50	\$13,643.07	\$20,118.43	\$4,106,171.48
176	\$33,761.50	\$13,709.69	\$20,051.80	\$4,092,461.79
177	\$33,761.50	\$13,776.64	\$19,984.86	\$4,078,685.15
178	\$33,761.50	\$13,843.92	\$19,917.58	\$4,064,841.23
179	\$33,761.50	\$13,911.52	\$19,849.97	\$4,050,929.71
180	\$33,761.50	\$13,979.46	\$19,782.04	\$4,036,950.26
Year 16				
181	\$33,761.50	\$14,047.72	\$19,713.77	\$4,022,902.53
182	\$33,761.50	\$14,116.32	\$19,645.17	\$4,008,786.21
183	\$33,761.50	\$14,185.26	\$19,576.24	\$3,994,600.96
184	\$33,761.50	\$14,254.53	\$19,506.97	\$3,980,346.43
185	\$33,761.50	\$14,324.14	\$19,437.36	\$3,966,022.29
186	\$33,761.50	\$14,394.09	\$19,367.41	\$3,951,628.20
187	\$33,761.50	\$14,464.38	\$19,297.12	\$3,937,163.83
188	\$33,761.50	\$14,535.01	\$19,226.48	\$3,922,628.81
189	\$33,761.50	\$14,605.99	\$19,155.50	\$3,908,022.82
190	\$33,761.50	\$14,677.32	\$19,084.18	\$3,893,345.51
191	\$33,761.50	\$14,748.99	\$19,012.50	\$3,878,596.51
192	\$33,761.50	\$14,821.02	\$18,940.48	\$3,863,775.50
Year 17				
193	\$33,761.50	\$14,893.39	\$18,868.10	\$3,848,882.11
194	\$33,761.50	\$14,966.12	\$18,795.37	\$3,833,915.99
195	\$33,761.50	\$15,039.21	\$18,722.29	\$3,818,876.78
196	\$33,761.50	\$15,112.65	\$18,648.85	\$3,803,764.13
197	\$33,761.50	\$15,186.45	\$18,575.05	\$3,788,577.69
198	\$33,761.50	\$15,260.61	\$18,500.89	\$3,773,317.08
199	\$33,761.50	\$15,335.13	\$18,426.37	\$3,757,981.95
200	\$33,761.50	\$15,410.02	\$18,351.48	\$3,742,571.93
201	\$33,761.50	\$15,485.27	\$18,276.23	\$3,727,086.66
202	\$33,761.50	\$15,560.89	\$18,200.61	\$3,711,525.77
203	\$33,761.50	\$15,636.88	\$18,124.62	\$3,695,888.89
204	\$33,761.50	\$15,713.24	\$18,048.26	\$3,680,175.66
Year 18				
205	\$33,761.50	\$15,789.97	\$17,971.52	\$3,664,385.68
206	\$33,761.50	\$15,867.08	\$17,894.42	\$3,648,518.61
207	\$33,761.50	\$15,944.56	\$17,816.93	\$3,632,574.04
208	\$33,761.50	\$16,022.43	\$17,739.07	\$3,616,551.62
209	\$33,761.50	\$16,100.67	\$17,660.83	\$3,600,450.95
210	\$33,761.50	\$16,179.29	\$17,582.20	\$3,584,271.66
211	\$33,761.50	\$16,258.30	\$17,503.19	\$3,568,013.35
212	\$33,761.50	\$16,337.70	\$17,423.80	\$3,551,675.66
213	\$33,761.50	\$16,417.48	\$17,344.02	\$3,535,258.18

214	\$33,761.50	\$16,497.65	\$17,263.84	\$3,518,760.53
215	\$33,761.50	\$16,578.21	\$17,183.28	\$3,502,182.31
216	\$33,761.50	<u>\$16,659.17</u>	<u>\$17,102.32</u>	\$3,485,523.14
Year 19				
217	\$33,761.50	\$16,740.52	\$17,020.97	\$3,468,782.61
218	\$33,761.50	\$16,822.27	\$16,939.22	\$3,451,960.34
219	\$33,761.50	\$16,904.42	\$16,857.07	\$3,435,055.92
220	\$33,761.50	\$16,986.97	\$16,774.52	\$3,418,068.95
221	\$33,761.50	\$17,069.93	\$16,691.57	\$3,400,999.02
222	\$33,761.50	\$17,153.28	\$16,608.21	\$3,383,845.74
223	\$33,761.50	\$17,237.05	\$16,524.45	\$3,366,608.69
224	\$33,761.50	\$17,321.22	\$16,440.27	\$3,349,287.46
225	\$33,761.50	\$17,405.81	\$16,355.69	\$3,331,881.66
226	\$33,761.50	\$17,490.81	\$16,270.69	\$3,314,390.85
227	\$33,761.50	\$17,576.22	\$16,185.28	\$3,296,814.63
228	\$33,761.50	<u>\$17,662.05</u>	<u>\$16,099.44</u>	\$3,279,152.58
Year 20				
229	\$33,761.50	\$17,748.30	\$16,013.20	\$3,261,404.28
230	\$33,761.50	\$17,834.97	\$15,926.52	\$3,243,569.31
231	\$33,761.50	\$17,922.07	\$15,839.43	\$3,225,647.24
232	\$33,761.50	\$18,009.58	\$15,751.91	\$3,207,637.66
233	\$33,761.50	\$18,097.53	\$15,663.96	\$3,189,540.13
234	\$33,761.50	\$18,185.91	\$15,575.59	\$3,171,354.22
235	\$33,761.50	\$18,274.72	\$15,486.78	\$3,153,079.50
236	\$33,761.50	\$18,363.96	\$15,397.54	\$3,134,715.54
237	\$33,761.50	\$18,453.63	\$15,307.86	\$3,116,261.91
238	\$33,761.50	\$18,543.75	\$15,217.75	\$3,097,718.16
239	\$33,761.50	\$18,634.31	\$15,127.19	\$3,079,083.85
240	\$33,761.50	<u>\$18,725.30</u>	<u>\$15,036.19</u>	\$3,060,358.55
Year 21				
241	\$33,761.50	\$18,816.74	\$14,944.75	\$3,041,541.81
242	\$33,761.50	\$18,908.63	\$14,852.86	\$3,022,633.17
243	\$33,761.50	\$19,000.97	\$14,760.53	\$3,003,632.20
244	\$33,761.50	\$19,093.76	\$14,667.74	\$2,984,538.45
245	\$33,761.50	\$19,187.00	\$14,574.50	\$2,965,351.45
246	\$33,761.50	\$19,280.70	\$14,480.80	\$2,946,070.75
247	\$33,761.50	\$19,374.85	\$14,386.65	\$2,926,695.90
248	\$33,761.50	\$19,469.46	\$14,292.03	\$2,907,226.44
249	\$33,761.50	\$19,564.54	\$14,196.96	\$2,887,661.90
250	\$33,761.50	\$19,660.08	\$14,101.42	\$2,868,001.82
251	\$33,761.50	\$19,756.09	\$14,005.41	\$2,848,245.73
252	\$33,761.50	<u>\$19,852.56</u>	<u>\$13,908.93</u>	\$2,828,393.17
Year 22				
253	\$33,761.50	\$19,949.51	\$13,811.99	\$2,808,443.66
254	\$33,761.50	\$20,046.93	\$13,714.57	\$2,788,396.73
255	\$33,761.50	\$20,144.82	\$13,616.67	\$2,768,251.91
256	\$33,761.50	\$20,243.20	\$13,518.30	\$2,748,008.71
257	\$33,761.50	\$20,342.05	\$13,419.44	\$2,727,666.65
258	\$33,761.50	\$20,441.39	\$13,320.11	\$2,707,225.26
259	\$33,761.50	\$20,541.21	\$13,220.28	\$2,686,684.05
260	\$33,761.50	\$20,641.52	\$13,119.97	\$2,666,042.53
261	\$33,761.50	\$20,742.32	\$13,019.17	\$2,645,300.21
262	\$33,761.50	\$20,843.61	\$12,917.88	\$2,624,456.60
263	\$33,761.50	\$20,945.40	\$12,816.10	\$2,603,511.20
264	\$33,761.50	<u>\$21,047.68</u>	<u>\$12,713.81</u>	\$2,582,463.51
Year 23				
265	\$33,761.50	\$21,150.47	\$12,611.03	\$2,561,313.05
266	\$33,761.50	\$21,253.75	\$12,507.75	\$2,540,059.30
267	\$33,761.50	\$21,357.54	\$12,403.96	\$2,518,701.76
268	\$33,761.50	\$21,461.84	\$12,299.66	\$2,497,239.92
269	\$33,761.50	\$21,566.64	\$12,194.85	\$2,475,673.28
270	\$33,761.50	\$21,671.96	\$12,089.54	\$2,454,001.33
271	\$33,761.50	\$21,777.79	\$11,983.71	\$2,432,223.54
272	\$33,761.50	\$21,884.14	\$11,877.36	\$2,410,339.40
273	\$33,761.50	\$21,991.00	\$11,770.49	\$2,388,348.40
274	\$33,761.50	\$22,098.39	\$11,663.10	\$2,366,250.00
275	\$33,761.50	\$22,206.31	\$11,555.19	\$2,344,043.69
276	\$33,761.50	<u>\$22,314.75</u>	<u>\$11,446.75</u>	\$2,321,728.94
Year 24				
277	\$33,761.50	\$22,423.72	\$11,337.78	\$2,299,305.23
278	\$33,761.50	\$22,533.22	\$11,228.27	\$2,276,772.00
279	\$33,761.50	\$22,643.26	\$11,118.24	\$2,254,128.74
280	\$33,761.50	\$22,753.83	\$11,007.66	\$2,231,374.91
281	\$33,761.50	\$22,864.95	\$10,896.55	\$2,208,509.96
282	\$33,761.50	\$22,976.61	\$10,784.89	\$2,185,533.36
283	\$33,761.50	\$23,088.81	\$10,672.69	\$2,162,444.55
284	\$33,761.50	\$23,201.56	\$10,559.94	\$2,139,242.99
285	\$33,761.50	\$23,314.86	\$10,446.64	\$2,115,928.13
286	\$33,761.50	\$23,428.71	\$10,332.78	\$2,092,499.42
287	\$33,761.50	\$23,543.12	\$10,218.37	\$2,068,956.30
288	\$33,761.50	<u>\$23,658.09</u>	<u>\$10,103.40</u>	\$2,045,298.20
Year 25				
289	\$33,761.50	\$23,773.62	\$9,987.87	\$2,021,524.58
290	\$33,761.50	\$23,889.72	\$9,871.78	\$1,997,634.86
291	\$33,761.50	\$24,006.38	\$9,755.12	\$1,973,628.49
292	\$33,761.50	\$24,123.61	\$9,637.89	\$1,949,504.88
293	\$33,761.50	\$24,241.41	\$9,520.08	\$1,925,263.46
294	\$33,761.50	\$24,359.79	\$9,401.70	\$1,900,903.67
295	\$33,761.50	\$24,478.75	\$9,282.75	\$1,876,424.92
296	\$33,761.50	\$24,598.29	\$9,163.21	\$1,851,826.63
297	\$33,761.50	\$24,718.41	\$9,043.09	\$1,827,108.23
298	\$33,761.50	\$24,839.12	\$8,922.38	\$1,802,269.11
299	\$33,761.50	\$24,960.41	\$8,801.08	\$1,777,308.69
300	\$33,761.50	<u>\$25,082.30</u>	<u>\$8,679.19</u>	\$1,752,226.39
Year 26				
301	\$33,761.50	\$25,204.79	\$8,556.71	\$1,727,021.60
302	\$33,761.50	\$25,327.87	\$8,433.62	\$1,701,693.73
303	\$33,761.50	\$25,451.56	\$8,309.94	\$1,676,242.17
304	\$33,761.50	\$25,575.85	\$8,185.65	\$1,650,666.32
305	\$33,761.50	\$25,700.74	\$8,060.75	\$1,624,965.58
306	\$33,761.50	\$25,826.25	\$7,935.25	\$1,599,139.33
307	\$33,761.50	\$25,952.37	\$7,809.13	\$1,573,186.97
308	\$33,761.50	\$26,079.10	\$7,682.40	\$1,547,107.87
309	\$33,761.50	\$26,206.43	\$7,555.04	\$1,520,901.42
310	\$33,761.50	\$26,334.43	\$7,427.07	\$1,494,566.99
311	\$33,761.50	\$26,463.03	\$7,298.47	\$1,468,103.96
312	\$33,761.50	<u>\$26,592.25</u>	<u>\$7,169.24</u>	\$1,441,511.71
Year 27				
313	\$33,761.50	\$26,722.11	\$7,039.38	\$1,414,789.60
314	\$33,761.50	\$26,852.61	\$6,908.89	\$1,387,936.99
315	\$33,761.50	\$26,983.74	\$6,777.76	\$1,360,953.35
316	\$33,761.50	\$27,115.51	\$6,645.99	\$1,333,837.75
317	\$33,761.50	\$27,247.92	\$6,513.57	\$1,306,589.82
318	\$33,761.50	\$27,380.98	\$6,380.51	\$1,279,208.84
319	\$33,761.50	\$27,514.69	\$6,246.80	\$1,251,694.15
320	\$33,761.50	\$27,649.06	\$6,112.44	\$1,224,045.09
321	\$33,761.50	\$27,784.08	\$5,977.42	\$1,196,261.02

322	\$33,761.50	\$27,919.75	\$5,841.74	\$1,168,341.27
323	\$33,761.50	\$28,056.10	\$5,705.40	\$1,140,285.17
324	\$33,761.50	<u>\$28,193.10</u>	<u>\$5,568.39</u>	<u>\$1,112,092.07</u>
Year 28				
325	\$33,761.50	\$28,330.78	\$5,430.72	\$1,083,761.29
326	\$33,761.50	\$28,469.13	\$5,292.37	\$1,055,292.16
327	\$33,761.50	\$28,608.15	\$5,153.34	\$1,026,684.01
328	\$33,761.50	\$28,747.86	\$5,013.64	\$997,936.15
329	\$33,761.50	\$28,888.24	\$4,873.25	\$969,047.91
330	\$33,761.50	\$29,029.31	\$4,732.18	\$940,018.60
331	\$33,761.50	\$29,171.07	\$4,590.42	\$910,847.53
332	\$33,761.50	\$29,313.52	\$4,447.97	\$881,534.01
333	\$33,761.50	\$29,456.67	\$4,304.82	\$852,077.33
334	\$33,761.50	\$29,600.52	\$4,160.98	\$822,476.82
335	\$33,761.50	\$29,745.07	\$4,016.43	\$792,731.75
336	\$33,761.50	<u>\$29,890.32</u>	<u>\$3,871.17</u>	<u>\$762,841.43</u>
Year 29				
337	\$33,761.50	\$30,036.29	\$3,725.21	\$732,805.14
338	\$33,761.50	\$30,182.96	\$3,578.53	\$702,622.18
339	\$33,761.50	\$30,330.35	\$3,431.14	\$672,291.82
340	\$33,761.50	\$30,478.47	\$3,283.03	\$641,613.35
341	\$33,761.50	\$30,627.31	\$3,134.19	\$611,186.04
342	\$33,761.50	\$30,776.87	\$2,984.63	\$580,409.17
343	\$33,761.50	\$30,927.16	\$2,834.33	\$549,482.01
344	\$33,761.50	\$31,078.19	\$2,683.30	\$518,403.82
345	\$33,761.50	\$31,229.96	\$2,531.54	\$487,173.86
346	\$33,761.50	\$31,382.46	\$2,379.03	\$455,793.40
347	\$33,761.50	\$31,535.71	\$2,225.78	\$424,255.68
348	\$33,761.50	<u>\$31,689.71</u>	<u>\$2,071.78</u>	<u>\$392,565.97</u>
Year 30				
349	\$33,761.50	\$31,844.47	\$1,917.03	\$360,721.50
350	\$33,761.50	\$31,999.97	\$1,761.52	\$328,721.53
351	\$33,761.50	\$32,156.24	\$1,605.26	\$296,565.29
352	\$33,761.50	\$32,313.27	\$1,448.23	\$264,252.02
353	\$33,761.50	\$32,471.06	\$1,290.43	\$231,780.96
354	\$33,761.50	\$32,629.63	\$1,131.86	\$199,151.33
355	\$33,761.50	\$32,788.97	\$972.52	\$166,367.35
356	\$33,761.50	\$32,949.09	\$812.40	\$133,413.26
357	\$33,761.50	\$33,109.99	\$651.50	\$100,303.27
358	\$33,761.50	\$33,271.68	\$489.81	\$67,031.59
359	\$33,761.50	\$33,434.16	\$327.34	\$33,597.43
360	\$33,761.50	\$33,597.43	\$164.07	\$0.00

Financing Summary – Omega Project

The Omega Project carries a total development budget of **\$9,959,839.77**, supported through a blend of sponsor equity and anticipated conventional bank financing. While the lending partner has not yet been finalized, the development team expects to pursue the same relationship currently utilized for the Theta project.

I. Sources of Funds

- a. **Sponsor Equity – \$4,243,167 (43%).** This equity contribution is significantly higher than typical for our projects. Normally, sponsor equity would represent a smaller share of the capital stack, but two key constraints drive the increased requirement:
 1. **Affordable Housing Restriction:** The property carries an affordable housing restriction that caps potential revenue and limits lender appetite for higher leverage.
 2. **Project Scale:** The relatively small size of the project limits economies of scale, further reducing leverage opportunities.
- ii. As a result, no lender is willing to provide higher debt coverage. To ensure the project is adequately capitalized, the sponsor has committed substantially more equity than would usually be required. This contribution will fund all soft costs, land acquisition, financing costs not covered by debt, and a portion of hard costs.
- b. **Anticipated Bank Loan – \$5,716,673 (57%).** Conventional bank financing is expected to fund the majority of hard costs and a portion of financing expenses. The loan, projected at approximately 65% Loan-to-Value (LTV), is anticipated to be provided by the same institution financing the Theta project, subject to underwriting and final approval.
- c. This structure creates a stable capital base, balancing conservative leverage with direct sponsor investment to ensure execution despite market and regulatory constraints.

II. Uses of Funds

- a. The budget is distributed across four principal categories:
 - i. **Land Value – \$810,000 (8%)**
 - ii. **Hard Costs – \$7,447,368 (75%)**
 - iii. **Soft Costs – \$1,020,772 (10%)**
 - iv. **Financing Costs – \$681,701 (7%)**
- b. Soft costs are entirely funded by sponsor equity and cover acquisitions, approvals, diligence, design, legal, finance, administration, permitting, utilities, and marketing operations. Hard costs, which make up the bulk of the budget, are primarily financed by the anticipated bank loan, supplemented by sponsor equity. Financing costs are split, with debt covering the interest reserve and equity funding the balance of bank fees, appraisal, environmental review, and title costs.

III. Operating Performance

- a. The project demonstrates sustainable operating metrics:
 - i. **Effective Gross Income:** \$751,135
 - ii. **Operating Expenses:** \$244,713
 - iii. **Net Operating Income (NOI):** \$506,422
 - iv. **Capitalized Value:** \$8,807,347

IV. Debt Metrics:

- a. Loan-to-Value (LTV): 65%**
- b. Annual Debt Service: \$405,138**
- c. Debt Service Coverage Ratio (DSCR): 1.25x**

V. Summary

- a.** The Omega Project is structured with **\$4.24M in sponsor equity** and an anticipated **5.72M bank loan**, producing a conservative **65% LTV**. While the equity contribution is higher than typical, it is necessitated by affordable housing restrictions and the project's modest scale, which together preclude higher leverage. Equity ensures full coverage of soft costs and a meaningful share of hard and financing costs, while debt financing is focused on core construction expenditures and a portion of interest during development.
 - b.** This financing approach reflects a deliberate balance: conservative debt sizing that provides lender security, coupled with deep sponsor commitment that ensures the project is fully capitalized and positioned for success despite structural constraints.
-

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.

NOT APPLICABLE

EXPLANATION OF NEED FOR TAX ABATEMENT

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

Lauran M. O'Neill
Red Hand, LLC
241 Hudson Street
Hackensack, NJ 07601

Re: Request for Long-Term Tax Abatement to Ensure 19–21 Omega Drive Project Viability and Promote Economic Growth in Vernon

Dear Mayor Rossi, Members of the Vernon Township Council, Town Counsel, and Consultants:

I am Lauran O'Neill, a member of the development entity pursuing the Omega Multifamily Project at 19–21 Omega Drive. I have overseen the project through the planning and entitlement process, working closely with our professional team and the Township. I am writing to request consideration of a long-term tax abatement (PILOT) for this 27-unit residential development. This request is driven by several factors, including ongoing market uncertainty, disproportionate infrastructure and connection costs, and the inherent inefficiencies associated with smaller-scale multifamily development. Together, these conditions have created an environment where the project cannot be feasibly financed without a structured financial mechanism such as a PILOT.

Many economic factors contribute to the challenges facing this project. The small scale of the development relative to the infrastructure required to meet current code and site demands has created a significant economies of scale issue. Sewer connection fees alone account for approximately 2% of total project costs, which, given the project's modest size, represents a disproportionately high expense.

To make the numbers work, we have modeled top-of-market rents, which increases both the risk profile of the project and the likelihood of a longer-than-typical stabilization period. Even with those assumptions — and despite the inclusion of a PILOT agreement and shared management and maintenance staffing with our adjacent property — operating expenses are projected at 33% of operating income.

The project also includes six COAH-restricted affordable units, which, while critically important to the community, significantly reduce the property's overall capitalized value — from approximately \$10.5 million to \$8.8 million. Each of these factors on its own would challenge the project's feasibility, but in combination, they make the project unworkable without municipal support.

The total project cost is \$9,958,839, while the stabilized as-built value is \$8,807,247, resulting in an economic gap of approximately \$1.1 million, even with the application of a PILOT. The per-unit development cost is roughly \$368,883, while the market value per unit upon completion is only \$326,198. Without a PILOT or comparable financial mechanism, this deficiency would widen further—clearly demonstrating that the project cannot generate adequate value to justify the development risk absent meaningful financial support such as an abatement, subsidy, or grant.

The uncertainty in this region as well as the current lending environment, coupled with rising construction costs and the inclusion of affordable housing, has created a very narrow path to feasibility. The proposed PILOT will not eliminate all risk, but it will mitigate enough uncertainty to allow the project to move forward responsibly and sustainably.

PROJECT SCHEDULE

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

1. Red Hand, LLC (the “Developer”) will obtain all governmental approvals required for commencement of construction on or before ninety (90) days after the execution of the financing agreement;
 2. The Developer will commence construction within sixty (60) days after the receipt of all governmental approvals required for the commencement of construction, but in any event not later than April 15, 2026;
 3. The Developer will diligently proceed with construction in a workman-like manner to completion for a projected eighteen (18) months from the commencement of construction. The Developer will apply for a certificate of occupancy on or before twenty-four (24) months after the commencement of construction, but in any event not later than April 15, 2028.
-

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.

Omega Multifamily Project Benefits

The following information is derived from the third-party reports prepared by the Housing Policy Department of the National Association of Home Builders (NAHB) as of March 2024, originally applied to the Vernon Age-Restricted Multifamily project at 7 Theta Drive. Using those NAHB models, which account for direct, indirect, and induced impacts, we have adapted the findings to reflect the Omega Multifamily project, a proposed 27-unit mixed-income development (21 market-rate units and 6 affordable COAH units) with no age restrictions.

These figures demonstrate the significant role residential construction plays in supporting local economic development and fiscal stability.

Construction Phase Benefits

During construction, Omega Multifamily is expected to generate:

- **\$3.0 million in local income**
- **\$630,000 in taxes and other revenue** for local governments
- **~29 local jobs supported**

This includes direct contributions to local business owners' income (~\$920,000), local wages and salaries (~\$2.1 million), and local taxes (~\$525,000). These benefits accrue not only to workers and contractors but also to local suppliers and service providers.

Ongoing Annual Benefits (post-occupancy)

Once occupied, the 27-unit community is expected to provide ongoing economic benefits:

- **\$1.25 million in local income annually**
- **\$235,000 in taxes and other revenue annually** for local governments
- **~14 local jobs supported**

These recurring benefits come from residents' participation in the local economy, including spending on goods and services, as well as their ongoing tax contributions. Importantly, the inclusion of affordable COAH units ensures a broader socioeconomic mix while still supporting steady economic activity.

Summary

The Omega Multifamily project will:

Deliver significant one-time construction phase benefits in income, jobs, and tax revenue.

- **Provide steady, recurring fiscal surpluses** to the municipality once occupied.
-

- **Expand housing opportunities** by offering both market-rate and affordable units, supporting community diversity and local workforce needs.
 - Contribute to long-term **local economic growth and sustainability**, with clear benefits for residents, businesses, and local government alike.
-

FORM OF FINANCIAL AGREEMENT

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

EXHIBIT C
FISCAL PLAN

Executive Summary			
PILOT Application		v1	9/17/2025
Project Summary			
Project Name:	Omega	Residential Units:	27
Street Address:	19-21 Omega Dr.	Average Rent :	\$2,343.36
	Vernon, NJ	Average Unit (SF):	1,025
Acreage:	0.75	Monthly Total:	\$63,270.70
Block/Lot		Annual Total:	\$759,248.40
Gross Buildable SF:	35,722	Parking Spaces:	41
Avg Hard Cost PSF:	\$208.48		
Sources and Uses Summary			
Sources of Capital			
		<i>per unit</i>	<i>%</i>
Sponsor Equity	\$4,243,166.71	\$157,154.32	43%
Bank Loan	\$5,716,673.06	\$211,728.63	57%
Total Sources	\$9,959,839.77	\$368,882.95	100%
Uses of Capital			
		<i>per unit</i>	<i>%</i>
Land	\$810,000.00	\$30,000.00	8%
Hard Costs	\$7,447,367.50	\$275,828.43	75%
Soft Costs	\$1,020,771.54	\$37,806.35	10%
Financing Costs	\$681,700.73	\$25,248.18	7%
Total Use	\$9,959,839.77	\$368,882.95	100%
Cashflow Summary		Debt Summary	
Effective Gross Income	\$751,134.98	Loan Amount	\$5,716,673.06
NOI	\$506,422.43	LTV	65%
Operating Expenses	\$244,712.55	Annual Debt Service	\$405,137.95
Capitalized Value	\$8,807,346.65	DSCR	1.25

Sources and Uses				
Omega	9/17/2025		PILOT Application	
Sources of Capital				
	Total Project		Per Unit	
Developer Equity	\$	4,243,167	\$	157,154.32
Bank Loan	\$	5,716,673	\$	211,728.63
Total Sources	\$	9,959,840	\$	368,882.95
Uses of Capital				
	Total Project		Per Unit	
Land and Improvements				
Land	\$	810,000	\$	30,000.00
Existing Improvements	\$	-	\$	-
Subtotal Land and Improvements	\$	810,000	\$	30,000.00
Hard Costs	Total Project		Per Unit	
Sitework	\$	1,000,000.00	\$	37,037.04
Residential Construction	\$	5,992,350.00	\$	221,938.89
Amenity Construction	\$	148,000.00	\$	5,481.48
Hard Cost Contingency	\$	307,017.50	\$	11,371.02
Subtotal Hard Costs	\$	7,447,367.50	\$	275,828.43
Soft Costs	Total Project		Per Unit	
Civil Engineer	\$	47,000	\$	1,740.74
MEP	\$	75,000	\$	2,777.78
Structural	\$	47,000	\$	1,740.74
Architecture	\$	100,000	\$	3,703.70
Approvals	\$	50,000	\$	1,851.85
Survey	\$	15,000	\$	555.56
Title Insurance	\$	40,900	\$	1,514.81
Inspection Fees	\$	40,000	\$	1,481.48
Controlled Inspections	\$	24,543	\$	909.00
Legal	\$	20,000	\$	740.74
Insurance / Building Risk / GL	\$	165,655	\$	6,135.38
Real Estate Taxes (During Construction)	\$	6,122	\$	226.74
Building Permits	\$	60,750	\$	2,250.00
Street Opening/Water Allocation and Wet Tap	\$	9,222	\$	341.56
Sewer Connection Fee	\$	177,057	\$	6,557.67
Marketing	\$	17,000	\$	629.63
Working Capital	\$	36,000	\$	1,333.33
Appraisal	\$	4,914	\$	182.00
Other Amenities Package	\$	30,000	\$	1,111.11
Environmental	\$	6,000	\$	222.22
Soft Cost Contingency	\$	48,608	\$	1,800.30
Subtotal Soft Costs	\$	1,020,772	\$	37,806.35
Financing Costs	Total Project		Per Unit	
Broker Fee	\$	28,583	\$	1,058.64
Bank Commitment Fee	\$	28,583	\$	1,058.64
Bank Legal	\$	30,000	\$	1,111.11
Interest (Construction)	\$	594,534	\$	22,019.78
Subtotal Conventional Financing	\$	681,701	\$	25,248.18
Total Project Cost	\$	9,959,840	\$	368,882.95

75% LTC	\$ 6,971,887.84
70% LTV	\$ 6,165,142.66

Approved Units:	27
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Residential PSF:	\$175.00
Amenity:	\$100.00
% Contingency:	5.0%

Total Residential	34,242
Total Amenities	1,480

Broker Fee	0.5%
Commitment Fee	0.5%
Term (years)	2
Construction Rate	8.0%

Year 1 Cash Flow				
Project Summary				
# of Units	27	Monthly Rent per Unit	\$	2,343.36
# of Parking Spots	14	Monthly Cost per Unit	\$	755.29
Market Rate Units	78%	21	\$	2,597.32
COAH Units	22%	6	\$	1,454.50
Income Breakdown				
Total Project				
Apartments		\$	759,248.40	\$ 28,120.31
Parking		\$	16,800.00	\$ 100.00
Amenity Fee	21	\$	13,000.00	\$ 200.00
Pet Fee	10%	\$	1,620.00	\$ 50.00
Potential Gross Income		\$	790,668.40	\$ 29,284.01
Vacancy	5%	\$	(39,533.42)	\$ (1,464.20)
Effective Gross Income		\$	751,134.98	\$ 27,819.81
Expense Breakdown				
Total Project			Per Unit	
Repairs and Maintenance		\$	40,500.00	\$ 1,500.00
Turnover Maintenance		\$	1,350.00	\$ 50.00
Management Fees	3%	\$	22,534.05	\$ 834.59
Insurance		\$	27,000.00	\$ 1,000.00
Taxes	10%	\$	75,113.50	\$ 600.00
Utilities		\$	24,300.00	\$ 900.00
Waste Disposal		\$	5,940.00	\$ 220.00
Landscaping and Snow Removal		\$	7,425.00	\$ 275.00
Elevator Service and Maintenance		\$	9,500.00	\$ 351.85
Pest Control and Misc Inspections		\$	5,400.00	\$ 200.00
General and Administrative		\$	6,750.00	\$ 250.00
Salaries and Payroll		\$	13,500.00	\$ 500.00
Misc Reserves		\$	5,400.00	\$ 200.00
Expense Subtotal	33%	\$	244,712.55	\$ 9,063.43

per unit annually
per rentable space monthly
per eligible unit annually
per pet monthly

Project Value Metrics				
Total Project			Per Unit	
NOI		\$	506,422.43	\$ 18,756.39
Capitalized Value	5.75%	\$	8,807,346.65	\$ 326,198.02

Permanent Financial Metrics			Facility Constraint Metrics		
Perm Loan Amount	\$	5,716,673.06	Benchmark	Loan Amount	
Annual Debt Service	\$	405,137.95	1.25x DSCR	\$	5,716,673.06
Loan to Value		64.91%	70% LTV	\$	6,165,142.66
DSC Ratio		1.25	75% LTC	\$	6,566,301.85
Interest Rate		5.86%			
Amoritization (in years)		30			

5 Year T	3.61%
Spread	2.25%

Omega Drive, Vernon			9/17/2025									
30 Year Cashflow			Omega									
Annual Increase		4%	PILOT Application									
Number of Units		27										
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8		
Operating Income	Monthly											
Two Bedroom (A)	6	\$2,613.75	\$ 188,190.00	\$ 195,717.60	\$ 203,546.30	\$ 211,688.16	\$ 220,155.68	\$ 228,961.91	\$ 238,120.39	\$ 247,645.20		
One Bedroom (B)	4	\$2,469.75	\$ 118,548.00	\$ 123,289.92	\$ 128,221.52	\$ 133,350.38	\$ 138,684.39	\$ 144,231.77	\$ 150,001.04	\$ 156,001.08		
Two Bedroom (C)	3	\$2,907.00	\$ 104,652.00	\$ 108,838.08	\$ 113,191.60	\$ 117,719.27	\$ 122,428.04	\$ 127,325.16	\$ 132,418.17	\$ 137,714.89		
Three Bedroom (D)	1	\$3,478.00	\$ 41,736.00	\$ 43,405.44	\$ 45,141.66	\$ 46,947.32	\$ 48,825.22	\$ 50,778.23	\$ 52,809.35	\$ 54,921.73		
One Bedroom (E)	7	\$2,397.60	\$ 201,398.40	\$ 209,454.34	\$ 217,832.51	\$ 226,545.81	\$ 235,607.64	\$ 245,031.95	\$ 254,833.23	\$ 265,026.55		
One Bedroom (Low COAH)	1	\$677.00	\$ 8,124.00	\$ 8,448.96	\$ 8,786.92	\$ 9,138.40	\$ 9,503.93	\$ 9,884.09	\$ 10,279.45	\$ 10,690.63		
Two Bedroom (Low COAH)	1	\$1,355.00	\$ 16,260.00	\$ 16,910.40	\$ 17,586.82	\$ 18,290.29	\$ 19,021.90	\$ 19,782.78	\$ 20,574.09	\$ 21,397.05		
Two Bedroom (Mod COAH)	2	\$1,626.00	\$ 39,024.00	\$ 40,584.96	\$ 42,208.36	\$ 43,896.69	\$ 45,652.56	\$ 47,478.66	\$ 49,377.81	\$ 51,352.92		
Three Bedroom (Mod COAH)	1	\$1,565.00	\$ 18,780.00	\$ 19,531.20	\$ 20,312.45	\$ 21,124.95	\$ 21,969.94	\$ 22,848.74	\$ 23,762.69	\$ 24,713.20		
Three Bedroom (Mod COAH)	1	\$1,878.00	\$ 22,536.00	\$ 23,437.44	\$ 24,374.94	\$ 25,349.94	\$ 26,363.93	\$ 27,418.49	\$ 28,515.23	\$ 29,655.84		
Other Fees			\$ 31,420.00	\$ 32,676.80	\$ 33,983.87	\$ 35,343.23	\$ 36,756.96	\$ 38,227.23	\$ 39,756.32	\$ 41,346.58		
Vacancy and Collections	5%		\$ (39,533.42)	\$ (41,114.76)	\$ (42,759.35)	\$ (44,469.72)	\$ (46,248.51)	\$ (48,098.45)	\$ (50,022.39)	\$ (52,023.28)		
Effective Gross Income			\$ 751,134.98	\$ 781,180.38	\$ 812,427.59	\$ 844,924.70	\$ 878,721.69	\$ 913,870.55	\$ 950,425.38	\$ 988,442.39		
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8		
Total Operating Expenses			\$ 169,599.05	\$ 176,383.01	\$ 183,438.33	\$ 190,775.87	\$ 198,406.90	\$ 206,343.18	\$ 214,596.90	\$ 223,180.78		

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
NOI excluding taxes	\$ 581,535.93	\$ 604,797.37	\$ 628,989.26	\$ 654,148.83	\$ 680,314.79	\$ 707,527.38	\$ 735,828.47	\$ 765,261.61
Debt Service	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95	\$ 405,137.95
Cash Flow	\$ 176,397.98	\$ 199,659.42	\$ 223,851.32	\$ 249,010.89	\$ 275,176.84	\$ 302,389.43	\$ 330,690.53	\$ 360,123.67
PILOT Payment	\$ 75,113.50	\$ 78,118.04	\$ 81,242.76	\$ 84,492.47	\$ 87,872.17	\$ 91,387.06	\$ 104,546.79	\$ 108,728.66
Percent of ASC	10%	10%	10%	10%	10%	10%	11%	11%
Developer ROI	\$ 101,284.49	\$ 121,541.38	\$ 142,608.56	\$ 164,518.42	\$ 187,304.67	\$ 211,002.38	\$ 226,143.74	\$ 251,395.00
Net Profit Calculation	1%	1%	1%	2%	2%	2%	2%	3%

Debt Summary	
Principal Amount	\$ 5,716,673.06
Interest Rate	5.86%
DSCR	1.25
Term	30

Operating Expense Summary	
Management Fee	\$ 22,534.05
Contract Fees	\$ 28,265.00
Operating	\$ 71,550.00
Maintenance	\$ 41,850.00
Reserves	\$ 5,400.00

PILOT Calculations	
Average ASC per unit	\$ 6,354.86
Average ASC	\$ 171,581.10
Aggregate ASC	\$ 5,147,433.01

Year 9		Year 10		Year 11		Year 12		Year 13		Year 14		Year 15		Year 16		Year 17		Year 18		Year 19		Year 20	
\$	257,551.01	\$	267,853.05	\$	278,567.17	\$	289,709.86	\$	301,298.25	\$	313,350.18	\$	325,884.19	\$	338,919.56	\$	352,476.34	\$	366,575.39	\$	381,238.41	\$	396,487.95
\$	162,241.12	\$	168,730.77	\$	175,480.00	\$	182,499.20	\$	189,799.17	\$	197,391.13	\$	205,286.78	\$	213,498.25	\$	222,038.18	\$	230,919.71	\$	240,156.50	\$	249,762.76
\$	143,223.49	\$	148,952.43	\$	154,910.52	\$	161,106.95	\$	167,551.22	\$	174,253.27	\$	181,223.40	\$	188,472.34	\$	196,011.23	\$	203,851.68	\$	212,005.75	\$	220,485.98
\$	57,118.60	\$	59,403.34	\$	61,779.48	\$	64,250.65	\$	66,820.68	\$	69,493.51	\$	72,273.25	\$	75,164.18	\$	78,170.75	\$	81,297.58	\$	84,549.48	\$	87,931.46
\$	275,627.62	\$	286,652.72	\$	298,118.83	\$	310,043.58	\$	322,445.33	\$	335,343.14	\$	348,756.87	\$	362,707.14	\$	377,215.43	\$	392,304.04	\$	407,996.20	\$	424,316.05
\$	11,118.25	\$	11,562.99	\$	12,025.50	\$	12,506.52	\$	13,006.79	\$	13,527.06	\$	14,068.14	\$	14,630.87	\$	15,216.10	\$	15,824.74	\$	16,457.73	\$	17,116.04
\$	22,252.93	\$	23,143.05	\$	24,068.77	\$	25,031.52	\$	26,032.78	\$	27,074.10	\$	28,157.06	\$	29,283.34	\$	30,454.68	\$	31,672.86	\$	32,939.78	\$	34,257.37
\$	53,407.04	\$	55,543.32	\$	57,765.05	\$	60,075.66	\$	62,478.68	\$	64,977.83	\$	67,576.94	\$	70,280.02	\$	73,091.22	\$	76,014.87	\$	79,055.46	\$	82,217.68
\$	25,701.73	\$	26,729.80	\$	27,798.99	\$	28,910.95	\$	30,067.39	\$	31,270.08	\$	32,520.88	\$	33,821.72	\$	35,174.59	\$	36,581.57	\$	38,044.83	\$	39,566.63
\$	30,842.07	\$	32,075.76	\$	33,358.79	\$	34,693.14	\$	36,080.86	\$	37,524.10	\$	39,025.06	\$	40,586.06	\$	42,209.51	\$	43,897.89	\$	45,653.80	\$	47,479.95
\$	43,000.44	\$	44,720.46	\$	46,509.28	\$	48,369.65	\$	50,304.43	\$	52,316.61	\$	54,409.27	\$	56,585.64	\$	58,849.07	\$	61,203.03	\$	63,651.15	\$	66,197.20
\$	(54,104.22)	\$	(56,268.38)	\$	(58,519.12)	\$	(60,859.88)	\$	(63,294.28)	\$	(65,826.05)	\$	(68,459.09)	\$	(71,197.46)	\$	(74,045.35)	\$	(77,007.17)	\$	(80,087.46)	\$	(83,290.95)
\$	1,027,980.09	\$	1,069,099.29	\$	1,111,863.26	\$	1,156,337.79	\$	1,202,591.30	\$	1,250,694.96	\$	1,300,722.75	\$	1,352,751.66	\$	1,406,861.73	\$	1,463,136.20	\$	1,521,661.65	\$	1,582,528.11
Year 9		Year 10		Year 11		Year 12		Year 13		Year 14		Year 15		Year 16		Year 17		Year 18		Year 19		Year 20	
\$	232,108.01	\$	241,392.33	\$	251,048.02	\$	261,089.94	\$	271,533.54	\$	282,394.88	\$	293,690.68	\$	305,438.31	\$	317,655.84	\$	330,362.07	\$	343,576.56	\$	357,319.62
Year 9		Year 10		Year 11		Year 12		Year 13		Year 14		Year 15		Year 16		Year 17		Year 18		Year 19		Year 20	
\$	795,872.08	\$	827,706.96	\$	860,815.24	\$	895,247.85	\$	931,057.76	\$	968,300.07	\$	1,007,032.07	\$	1,047,313.36	\$	1,089,205.89	\$	1,132,774.13	\$	1,178,085.09	\$	1,225,208.50
\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95
\$	390,734.13	\$	422,569.01	\$	455,677.29	\$	490,109.90	\$	525,919.82	\$	563,162.13	\$	601,894.13	\$	642,175.41	\$	684,067.95	\$	727,636.18	\$	772,947.15	\$	820,070.55
\$	113,077.81	\$	117,600.92	\$	122,304.96	\$	138,760.54	\$	144,310.96	\$	150,083.39	\$	156,086.73	\$	162,330.20	\$	168,823.41	\$	190,207.71	\$	197,816.01	\$	205,728.65
	11%		11%		11%		12%		12%		12%		12%		12%		12%		13%		13%		13%
\$	277,656.32	\$	304,968.09	\$	333,372.33	\$	351,349.37	\$	381,608.86	\$	413,078.73	\$	445,807.40	\$	479,845.21	\$	515,244.54	\$	537,428.48	\$	575,131.13	\$	614,341.90
	3%		3%		3%		4%		4%		4%		4%		5%		5%		5%		6%		6%

Year 21		Year 22		Year 23		Year 24		Year 25		Year 26		Year 27		Year 28		Year 29		Year 30	
\$	412,347.46	\$	428,841.36	\$	445,995.02	\$	463,834.82	\$	482,388.21	\$	501,683.74	\$	521,751.09	\$	542,621.13	\$	564,325.98	\$	586,899.02
\$	259,753.27	\$	270,143.40	\$	280,949.13	\$	292,187.10	\$	303,874.58	\$	316,029.57	\$	328,670.75	\$	341,817.58	\$	355,490.28	\$	369,709.89
\$	229,305.42	\$	238,477.64	\$	248,016.74	\$	257,937.41	\$	268,254.91	\$	278,985.10	\$	290,144.51	\$	301,750.29	\$	313,820.30	\$	326,373.11
\$	91,448.72	\$	95,106.66	\$	98,910.93	\$	102,867.37	\$	106,982.06	\$	111,261.35	\$	115,711.80	\$	120,340.27	\$	125,153.88	\$	130,160.04
\$	441,288.70	\$	458,940.24	\$	477,297.85	\$	496,389.77	\$	516,245.36	\$	536,895.17	\$	558,370.98	\$	580,705.82	\$	603,934.05	\$	628,091.41
\$	17,800.68	\$	18,512.71	\$	19,253.22	\$	20,023.35	\$	20,824.28	\$	21,657.25	\$	22,523.54	\$	23,424.49	\$	24,361.47	\$	25,335.92
\$	35,627.66	\$	37,052.77	\$	38,534.88	\$	40,076.27	\$	41,679.33	\$	43,346.50	\$	45,080.36	\$	46,883.57	\$	48,758.92	\$	50,709.27
\$	85,506.39	\$	88,926.65	\$	92,483.71	\$	96,183.06	\$	100,030.38	\$	104,031.60	\$	108,192.86	\$	112,520.58	\$	117,021.40	\$	121,702.25
\$	41,149.29	\$	42,795.26	\$	44,507.07	\$	46,287.36	\$	48,138.85	\$	50,064.41	\$	52,066.98	\$	54,149.66	\$	56,315.65	\$	58,568.27
\$	49,379.15	\$	51,354.32	\$	53,408.49	\$	55,544.83	\$	57,766.62	\$	60,077.29	\$	62,480.38	\$	64,979.59	\$	67,578.78	\$	70,281.93
\$	68,845.09	\$	71,598.89	\$	74,462.85	\$	77,441.36	\$	80,539.02	\$	83,760.58	\$	87,111.00	\$	90,595.44	\$	94,219.26	\$	97,988.03
\$	(86,622.59)	\$	(90,087.50)	\$	(93,690.99)	\$	(97,438.63)	\$	(101,336.18)	\$	(105,389.63)	\$	(109,605.21)	\$	(113,989.42)	\$	(118,549.00)	\$	(123,290.96)
\$	1,645,829.24	\$	1,711,662.41	\$	1,780,128.90	\$	1,851,334.06	\$	1,925,387.42	\$	2,002,402.92	\$	2,082,499.04	\$	2,165,799.00	\$	2,252,430.96	\$	2,342,528.20
Year 21		Year 22		Year 23		Year 24		Year 25		Year 26		Year 27		Year 28		Year 29		Year 30	
\$	371,612.40	\$	386,476.90	\$	401,935.97	\$	418,013.41	\$	434,733.95	\$	452,123.31	\$	470,208.24	\$	489,016.57	\$	508,577.23	\$	528,920.32

Year 21		Year 22		Year 23		Year 24		Year 25		Year 26		Year 27		Year 28		Year 29		Year 30	
\$	1,274,216.84	\$	1,325,185.51	\$	1,378,192.93	\$	1,433,320.65	\$	1,490,653.47	\$	1,550,279.61	\$	1,612,290.80	\$	1,676,782.43	\$	1,743,853.73	\$	1,813,607.87
\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95	\$	405,137.95
\$	869,078.89	\$	920,047.56	\$	973,054.98	\$	1,028,182.70	\$	1,085,515.53	\$	1,145,141.67	\$	1,207,152.85	\$	1,271,644.48	\$	1,338,715.78	\$	1,408,469.93
\$	213,957.80	\$	222,516.11	\$	231,416.76	\$	240,673.43	\$	250,300.36	\$	260,312.38	\$	270,724.87	\$	281,553.87	\$	292,816.02	\$	304,528.67
	13%		13%		13%		13%		13%		13%		13%		13%		13%		13%
\$	655,121.09	\$	697,531.45	\$	741,638.23	\$	787,509.27	\$	835,215.16	\$	884,829.29	\$	936,427.98	\$	990,090.61	\$	1,045,899.75	\$	1,103,941.26
	7%		7%		7%		8%		8%		9%		9%		10%		11%		11%

Rental Income Summary								
Unit Type		Sq Ft	Beds	Baths	Rent	# of Units	Income	PSF
A		1025	2	2	\$2,613.75	6	\$15,682.50	\$2.55
B		890	1	1	\$2,469.75	4	\$9,879.00	\$2.78
C		1140	2	2	\$2,907.00	3	\$8,721.00	\$2.55
D		1480	3	1	\$3,478.00	1	\$3,478.00	\$2.35
E		864	1	1	\$2,397.60	7	\$16,783.20	\$2.78
Low	COAH E	864	1	1	\$677.00	1	\$677.00	\$0.78
Low	COAH A	1025	2	2	\$1,355.00	1	\$1,355.00	\$1.32
Mod	COAH C	1140	2	2	\$1,626.00	2	\$3,252.00	\$1.43
Low	COAH D	1480	3	2	\$1,565.00	1	\$1,565.00	\$1.06
Mod	COAH D	1480	3	2	\$1,878.00	1	\$1,878.00	\$1.27

Total Units	27
Average Rent	\$2,343.36
Average Unit SF	1025
Monthly Total:	\$63,270.70
Annual Total:	\$759,248.40

PSF Comps	Min	Max	Avg
1 bed	\$2.65	\$2.90	\$2.78
2 bed	\$2.35	\$2.75	\$2.55
3 bed	\$2.00	\$2.35	\$2.18

Construction Summary			
Sublevel	Apartments (SF)	Common (SF)	Amenities (SF)
Floor 1	5808	1,300	1480
Floor 2	7288	1,300	
Floor 3	7288	1,300	
Floor 4	7288	1,300	
Total	27672	6570	1480

Footprint	8,588
Stories	4

Unit Breakdown																					
Floor	Unit	SF	Beds	Unit Types																	
				Beds			#	Market	COAH												
1	A	1025	2	A	2	1025	8	6	2												
	B	890	1	B	1	890	4	4	0												
	E	864	1	C	2	1140	4	3	1												
	E	864	1	D	3	1480	3	1	2												
	A	1025	2	E	1	864	8	7	1												
	C	1140	6				27	21	6												
2	D	1480	3	<table><tr><th colspan="3">Beds</th></tr><tr><td>1</td><td></td><td>12</td></tr><tr><td>2</td><td></td><td>11</td></tr><tr><td>3</td><td></td><td>3</td></tr></table>						Beds			1		12	2		11	3		3
	Beds																				
	1		12																		
	2		11																		
	3		3																		
	A	1025	2																		
B	890	1																			
E	864	1																			
E	864	1																			
3	A	1025	2																		
	C	1140	2																		
	D	1480	3																		
	A	1025	2																		
	B	890	1																		
	E	864	1																		
4	E	864	1																		
	A	1025	2																		
	C	1140	2																		
	D	1480	3																		
	A	1025	2																		
	B	890	1																		
	E	864	1																		
	E	864	1																		
	A	1025	2																		
	C	1140	2																		

Financing Summary – Omega Project

The Omega Project carries a total development budget of **\$9,959,839.77**, supported through a blend of sponsor equity and anticipated conventional bank financing. While the lending partner has not yet been finalized, the development team expects to pursue the same relationship currently utilized for the Theta project.

I. Sources of Funds

- a. **Sponsor Equity – \$4,243,167 (43%).** This equity contribution is significantly higher than typical for our projects. Normally, sponsor equity would represent a smaller share of the capital stack, but two key constraints drive the increased requirement:
 1. **Affordable Housing Restriction:** The property carries an affordable housing restriction that caps potential revenue and limits lender appetite for higher leverage.
 2. **Project Scale:** The relatively small size of the project limits economies of scale, further reducing leverage opportunities.
- ii. As a result, no lender is willing to provide higher debt coverage. To ensure the project is adequately capitalized, the sponsor has committed substantially more equity than would usually be required. This contribution will fund all soft costs, land acquisition, financing costs not covered by debt, and a portion of hard costs.
- b. **Anticipated Bank Loan – \$5,716,673 (57%).** Conventional bank financing is expected to fund the majority of hard costs and a portion of financing expenses. The loan, projected at approximately 65% Loan-to-Value (LTV), is anticipated to be provided by the same institution financing the Theta project, subject to underwriting and final approval.
- c. This structure creates a stable capital base, balancing conservative leverage with direct sponsor investment to ensure execution despite market and regulatory constraints.

II. Uses of Funds

- a. The budget is distributed across four principal categories:
 - i. **Land Value – \$810,000 (8%)**
 - ii. **Hard Costs – \$7,447,368 (75%)**
 - iii. **Soft Costs – \$1,020,772 (10%)**
 - iv. **Financing Costs – \$681,701 (7%)**
- b. Soft costs are entirely funded by sponsor equity and cover acquisitions, approvals, diligence, design, legal, finance, administration, permitting, utilities, and marketing operations. Hard costs, which make up the bulk of the budget, are primarily financed by the anticipated bank loan, supplemented by sponsor equity. Financing costs are split, with debt covering the interest reserve and equity funding the balance of bank fees, appraisal, environmental review, and title costs.

III. Operating Performance

- a. The project demonstrates sustainable operating metrics:
 - i. **Effective Gross Income:** \$751,135
 - ii. **Operating Expenses:** \$244,713
 - iii. **Net Operating Income (NOI):** \$506,422
 - iv. **Capitalized Value:** \$8,807,347

IV. Debt Metrics:

- a. Loan-to-Value (LTV): 65%**
- b. Annual Debt Service: \$405,138**
- c. Debt Service Coverage Ratio (DSCR): 1.25x**

V. Summary

- a.** The Omega Project is structured with **\$4.24M in sponsor equity** and an anticipated **5.72M bank loan**, producing a conservative **65% LTV**. While the equity contribution is higher than typical, it is necessitated by affordable housing restrictions and the project's modest scale, which together preclude higher leverage. Equity ensures full coverage of soft costs and a meaningful share of hard and financing costs, while debt financing is focused on core construction expenditures and a portion of interest during development.
 - b.** This financing approach reflects a deliberate balance: conservative debt sizing that provides lender security, coupled with deep sponsor commitment that ensures the project is fully capitalized and positioned for success despite structural constraints.
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