

CONTRACT OF PURCHASE AND SALE

between

Town of Orangetown
as "Seller"

-and-

K. Hovnanian Companies of New York, Inc.
as "Buyer"

for Premises located in

Town of Orangetown, Rockland County
New York

- dated -

_____, 200__

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CONTRACT OF PURCHASE AND SALE

THIS CONTRACT OF PURCHASE AND SALE (this "Agreement") _____, 2007 between the Town of Orangetown, a political subdivision of the State of New York, with offices located at Town Hall, 26 Orangeburg Road, Orangeburg, New York 10962 ("Seller" or "Town") and K. Hovnanian Companies of New York, Inc., a corporation of the State of New York, with offices located at 110 Fieldcrest Avenue, CN 7825, Edison, New Jersey 08818-7825 ("Buyer"). Seller and Buyer may, individually, be referred to as a "party" and, collectively, as the "parties."

WHEREAS, Seller owns parcels of real property located in the Town of Orangetown, Rockland County, New York consisting of (1) a part of the interior property formerly a part of the Rockland Psychiatric Center (the "Core Property"); and (2) additional property located along Blaisdell Road between Veterans Memorial Drive and Old Orangeburg Road (the "Blaisdell Property"), both such parcels as more fully shown on Exhibit A attached hereto and made a part hereof; and

WHEREAS, the Seller also owns other parcels of property which Seller intends to convey to Buyer under this Agreement for development and/or improvement and immediately return to the Seller upon the completion of such development and/or improvement, said property consisting of (3) a portion of the existing Town owned Broadacres Golf Course (the "Broadacres Golf Course") which property is also more fully shown on Exhibit A attached hereto and made a part hereof; and

WHEREAS, the aforementioned parcels 1, 2 and 3, as more fully shown on Exhibit A annexed hereto and made a part hereof, collectively, are intended to comprise the "Property" as that term is used under this Agreement; and

WHEREAS, Seller and Buyer have entered into that certain Developer's Agreement, dated as of August __, 2007 (the "Developer's Agreement"), which sets forth, among other things, certain conditions that must be satisfied before Buyer shall have any obligation to purchase or Seller has any obligation to sell the Property pursuant to this Agreement; and

WHEREAS, all of the conditions for purchase and sale of the Property set forth in the Developer's Agreement have been satisfied (or waived by Buyer), Seller wishes to convey, and Buyer wishes to purchase, Seller's right, title and interest in the Property pursuant to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, Buyer and Seller agree as follows:

1. DEFINITIONS AND TERMS

As used herein, the following terms shall have the respective meanings set forth below.

1.1. "Deposit" shall mean the amount posted by Buyer on the Effective Date of this Agreement either in the form of cash or by Letter of Credit, at Buyer's option, as set forth at Article 6 hereof.

1.2. "Agreement" shall mean this Contract of Purchase and Sale when fully executed.

1.3. "All Approvals" shall mean all Approvals, permits, agreements and zoning ordinance amendments issued by Governmental Authorities including, without limitation, compliance, site plan approval and subdivision approval for all units in the Project, a Work Plan, approval of the New York State Legislature for any necessary alienation of designated "parkland" (as defined by applicable law) and other approvals necessary to proceed with the uninterrupted development of all units in the Project, and the very first building permit only (for which the Company shall apply within 30 days of the last Approval other than such building permit) which Approvals contain terms and conditions acceptable to Buyer in its sole discretion. Each such approval shall be referred to as an "Approval." This definition shall expressly exclude all building permits and approval of any Offering Plan by the Attorney General as well as any discretionary funding such as the Brownfield Programs.

1.4. "Approval" shall mean each individual final, non-appealable approval of those defined as All Approvals. An Approval shall be deemed final and non-appealable where the time to challenge or appeal the grant or denial of the Approval, or a term or condition of the Approval, before any administrative body or court of law has expired, and no challenge or appeal is pending and/or has been decided in Buyer's favor, and all terms and conditions contained in the Approval have been satisfied; such time period, the parties agree, shall be four (4) months, or such shorter period as may be provided by state or local law not to exceed four (4) months, measured from the filing of the formal grant or denial of any individual Approval, respectively. With regard to each Approval or component thereof required for the Project, Buyer agrees to use its best, commercially reasonable efforts to diligently apply for and pursue same.

1.5. "Approval Costs" shall mean all costs and expenses including, without limitation, attorneys', consulting, engineering, and application fees associated with obtaining All Approvals.

1.6. "Approved Map" shall mean a site plan and/or subdivision plat delineating the Project on the Property which has received final site plan and/or final subdivision approval from the planning board or the zoning board of appeals of the Town, and which has been fully stamped as approved by such Board and is signed as final by the Board Clerk pursuant to authorization delegated to her/him and/or filed with the County Clerk as may be required. Provided, however, all required fees, at the rates

set forth on Exhibit C, shall be paid within sixty (60) days of the resolution of the respective Board granting final approval, or such map or plat shall be automatically deemed approved for purposes of this Agreement. Approved Maps shall be herein considered to be an Approval.

1.7. “**Brownfield Programs**” shall mean, without limitation and as applicable, the New York State Brownfield Program pursuant to Articles 14 and 56 of the New York State Environmental Conservation Law and the Federal Brownfield Program pursuant to 42 USCA § 9601 et. seq. and any other applicable laws, rules, regulations or programs.

1.8. “**Business Day**” shall mean a day, other than a Saturday, Sunday or holiday, on which commercial banks in the State of New York are open for the general transaction of business.

1.9. “**Buyer’s Title Report**” shall mean a copy of the commitment to insure title from Chicago Title Company, or the report from such company which refuses to issue a commitment to insure marketable title.

1.10. “**Closing**” shall mean (a) the transfer of the Property from Seller to Buyer; (b) the transfer of the Purchase Price from Buyer to Seller, as adjusted; and (c) the delivery and performance of all other items and obligations to be delivered or performed hereunder at the time the Property is conveyed and the Purchase Price is paid. It is understood and agreed, however, that this Agreement shall contain certain post-Closing obligations which shall specifically survive Closing.

1.11. “**Closing Date**” shall mean the Business Day on which a Closing is to occur pursuant to this Agreement.

1.12. “**Deed**” shall mean a Bargain and Sale Deed with a covenant against grantor’s acts and a lien covenant pursuant to Section 13 of the New York Lien Law in form and substance acceptable to Buyer’s title company containing either: (a) a metes and bounds description in accordance with a survey that Buyer may obtain; or (b) referenced lots on a filed subdivision Approved Map.

1.13. “**Deposit**” shall have the meaning ascribed to such term in Section 6 hereof.

1.14. “**Developer’s Agreement**” shall have the meaning ascribed thereto in the Recitals.

1.15. “**Discharge**” shall mean the use, generation, transportation, manufacture, treatment, delivery, storage, handling, release, spill, leak, disposal, pouring, emitting, emptying or dumping of a Hazardous Materials.

1.16. “**Effective Date**” shall have the meaning ascribed to such term in Section 2.1 hereof.

1.17. “Engineering Controls or Institutional Controls” shall mean engineering or institutional controls at the Property including, without limitation, any deed notice, deed restriction, consent order, declaration of environmental restriction, groundwater classification exception area or well restriction area.

1.18. “Environmental Documents” shall mean all environmental documentation in the possession or under the immediate control of Seller or its consultants concerning the Property or its environs including, without limitation, preliminary assessments, Phase I reports, remedial investigation reports, or any other plans, reports and sampling results, and any correspondence or other documentation to or from any Governmental Authority. Environmental Documents shall not include such documents in the possession of the State of New York or any of its departments, agencies or authorities, or any predecessor owner or tenant, unless same shall have been delivered to, and are in the possession of, the Seller.

1.19. “Environmental Laws” (and individually, “Environmental Law”) shall mean all federal, state and local laws, statutes, rules, regulations, ordinances, orders, directives, binding written interpretations, and binding written policies applicable to Hazardous materials, pollution, human health and safety, and the environment issued by any Governmental Authorities and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Property or the improvements thereon, or any portion thereof, the use, ownership, occupancy or operation of the Property or the improvements thereon, or any portion thereof, or any owner of the Property, and as same have been amended, modified or supplemented from time to time prior to the date of this Agreement, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and all applicable state and local laws, including without limitation the New York State Environmental Conservation Law and the New York State Navigation Law, and any and all rules and regulations, all as may from time to time be amended and including any successor statutes thereto.

1.20. “Governmental Authority” shall mean any governmental or quasi-governmental body or agency having jurisdiction over the Property and/or the Project, including, without limitation, the federal government, State of New York, County of Rockland, and the Town of Orangetown.

1.21. “Guaranty” shall mean the corporate guaranty made a part hereof of K. Hovnanian Holdings of New Jersey, LLC, a New Jersey limited liability company which

maintains at least \$300,000,000.00 in assets on a yearly basis. The Guaranty shall be signed as a condition of and contemporaneous with this Agreement.

1.22. "Hazardous Materials" shall mean toxic materials, hazardous waste, or Hazardous Materials as any of these terms are defined in the New York State Environmental Conservation Law; the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901, et seq.); in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; and/or in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601, et seq.), asbestos or asbestos-related products, oils, petroleum-derived compounds, petroleum by-products, radon, soil vapor intrusions, polychlorinated biphenyls ("PCBs"), PCB-containing equipment, storage tanks, lead-based paint, radioactive elements, infectious agents, urea-formaldehyde insulation or other materials, substances, wastes, intrusive vapors, pollutants or pesticides as from time to time identified in any laws, rules, ordinances or regulations from time to time applicable to the Property.

1.23. "Investigation Period" shall have the meaning ascribed thereto in Section 4.1.

1.24. "Letter of Credit" shall have the meaning ascribed to such term in Section 6 hereof.

1.25. "NYSDEC" shall mean the New York State Department of Environmental Conservation and any successor Governmental Authority.

1.26. "PCBs" shall mean polychlorinated biphenyls.

1.27. "PCB Item" shall have the meaning ascribed thereto by 40 C.F.R. § 761.3, as amended.

1.28. "Product Value" shall have the meaning ascribed to such term in Section 3.2.1 hereof.

1.29. "Project" shall mean a residential development on the Property, together with, possibly, certain commercial components as and if approved by the Planning Board, as well as the renovation and realignment of the existing nine-hole Broadacres golf course, and the development of a walking trail or series of walking trails, all as more fully shown on the Preliminary Concept Plan and the Preliminary Golf Course Concept Plan, annexed hereto, together with related on and off-site improvements, all as more fully set forth in Article 3 hereof.

1.30. "Property" shall mean the Core Property, the Blaisdell Property, and certain portions of the Broadacres Golf Course, including all rights of way, covenants, easements and any other rights appurtenant to such property, as more fully set forth in Exhibit A attached hereto and made a part hereof. (The exact boundaries of the portions of Broadacres Golf Course to be transferred are to be determined and set forth by metes and bounds description upon survey of the Property and a determination of the areas to be developed).

1.31. "Purchase Price" shall have the meaning ascribed thereto in Article 3, subject to adjustment as set forth in this Agreement.

1.32. "Rezoning" shall mean final and nonappealable rezoning of the Property by the Town of Orangetown to permit the Project contemplated by this Agreement. Rezoning is an Approval.

1.33. "SEQRA Deposit" shall mean the initial deposit in the amount of \$175,000 previously delivered by Buyer to Seller, and all subsequent deposits, if any.

1.34. "Studies" means title examinations; surveys; architecture, financial, financing, economic, marketing, environmental, engineering, and other tests, studies or reports, including test borings, inspections, audits, investigations, reviews, and/or other similar studies or reports.

1.35. "Tank Laws" shall mean the federal underground storage tank law (Subtitle I) of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq., together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, any successor legislation and regulations and all applicable provisions of New York State law.

1.36. "Underground Storage Tank" shall mean each and every "underground storage tank," whether or not subject to Tank Laws, as well as the "monitoring system," the "leak detection system," the "discharge detection system," and the "tank system" associated with the underground storage tank, as those terms are defined by the Tank Laws.

1.37. "Volunteer Housing Units" shall have the meaning set forth in Section 3.1.4 hereof.

1.38. "Work Plan" shall mean, as and to the extent applicable, the document issued and approved by the NYSDEC that demonstrates how the Property must be remediated to facilitate and allow the Project to proceed in accordance with Environmental Laws. Any Work Plan shall; (i) not include the use of Engineering Controls or Institutional Controls unless specifically agreed to in writing by Buyer; and (ii) be acceptable to Buyer in its reasonable discretion.

2. AGREEMENT TO PURCHASE

2.1. The effective date of this Agreement (the "Effective Date") shall be the later of (i) thirty (30) days after the adoption of a resolution by the Orangetown Town Board authorizing the sale of the Property to Buyer; or (ii) the approval of such sale by the electors of the Town of Orangetown if a special election upon such resolution is required in accordance with Article 7 of the New York State Town Law; neither of which shall occur prior to the Rezoning (if at all).

2.2. Seller agrees to convey to Buyer and Buyer agrees to purchase the Property from Seller upon and subject to the terms and conditions of this Agreement.

3. PURCHASE PRICE

3.1. Components. The Purchase Price shall consist of five components, as set forth below. The Purchase Price shall consist of: (i) \$24,000,000 in cash (with the Deposit credited) as adjusted, if at all, in accordance with Section 3.2 hereof; and (ii) other improvements having an approximate value of \$8,500,000, for a total value to Seller of approximately \$32,500,000.00.

3.1.1. Cash. Buyer shall pay to Seller a cash component consisting of \$24,000,000.00, subject to adjustment as set forth in Section 3.2.

3.1.2. Golf Course Improvements. Incidental to and as a part of the Project, for the benefit of both Buyer and Seller, Buyer shall renovate the existing Broadacres Golf Course (a nine-hole golf course owned and operated by the Seller adjacent to the Core Property), such renovation to include, at a minimum, the components set forth and shown in Exhibit D annexed hereto. As part of the Purchase Price, Buyer shall provide development and construction services to renovate the golf course in accordance with that certain Preliminary Golf Course Concept Plan, attached hereto as Exhibit D, having an approximate value of \$4.0 million. Provided, however, such approximate value shall not constitute a limitation on Buyer's obligation to renovate, realign and restore, using commercially reasonable practices taking into consideration, during the construction and post-construction operation periods, the proximity of the course to a public water supply, the existing Broadacres Golf Course, and deliver same back to the Seller in a finished and "play-ready" condition. In the event the Town wishes to make changes to the Preliminary Concept Plan resulting in additional costs in excess of \$25,000 in the aggregate, then and only then, the Buyer's obligation relating to the golf course shall be absolutely capped at \$4.025 Million. Buyer and its agents and subcontractors are hereby granted by Seller a license to enter the applicable lands owned by Seller and realign and renovate the golf course for the period of time necessary to perform such work. The parties acknowledge and agree that renovation and realignment of the golf course: (a) is integral to Buyer's Project; and (b) will involve a swap of certain lands between Seller and Buyer to realign the Golf Course and that, accordingly, Seller shall diligently pursue obtaining any required approval of the New York State Legislature for such swap of lands. This Section 3.1.2 shall survive Closing and bind any successors, successors in interest, and assigns.

3.1.3. Volunteer Housing. Buyer shall construct 20 housing units for the use and benefit of the Town of Orangetown volunteer fire and emergency personnel (the "Volunteer Housing Units"), on the southeasterly side of the intersection of Old Orangeburg Road and Blaisdell Road on the Blaisdell Property, having a value of approximately \$4.5 Million, to replace existing volunteer housing located on the Property. Upon completion and the issuance of certificates of occupancy, such units and the property on which they are constructed shall be re-conveyed to the Town, or its designee (which may be a third-party, if so agreed by the parties hereto) at a cost of \$1.00. Each Volunteer

Housing Unit shall have a minimum size of 1000 square feet measured from the exterior walls. The parties agree that the number of volunteer units may be increased, by mutual agreement of the parties, also allowing a reduction of the size of individual units. This Section 3.1.3 shall survive Closing and bind any successors, successors in interest and assigns.

3.1.4. Affordable Housing. Buyer shall construct 32 units of age-restricted, affordable housing on the Blaisdell Property, in the vicinity of the 20 units to be conveyed to the Town. It is understood that the Project assumes the affordable housing units shall be geographically separate and apart from the Core Property. Any decision to integrate affordable housing units into the Core Property must (i) not involve a reduction in the number of market-rate units on the Core Property; or (ii) a written determination by the Town Board that Buyer may use the Non-Core Property for market-rate units; or (iii) otherwise as may be acceptable to both parties. This Section 3.1.4 shall survive Closing and bind any successors, successors in interest and assigns.

3.1.5. Walking Trail. Buyer, for the benefit of both Buyer and Seller and incidental to the Project, shall develop and construct a walking trail or system of trails to and along the adjacent lakefront area, and other nearby property owned by the Seller being a part of the lands formerly a part of the Rockland Psychiatric Center, reasonably satisfactory to the Seller, Town Planning Board and Buyer. Said trail shall be located approximately as shown on the annexed Preliminary Concept and Site Plan, and shall be no wider than 8 feet, having a 4 inch gravel base course and 2 inch asphalt top coat, with related benches as may be reasonable and appropriate. Buyer and its agents and subcontractors are hereby granted by Seller a license, coupled with an interest to enter the applicable lands owned by Seller and to construct such trail for the period of time necessary to perform such work. This Section 3.1.5 shall survive Closing and bind any successors, successors in interest and assigns.

3.2. Purchase Price Adjustments.

3.2.1. The cash portion of the Purchase Price in Section 3.1.1 above is based upon an assumption that the Rezoning and site development plan to be approved by the Town will permit construction of the following:

- 32 age restricted affordable homes (Blaisdell Property)
- 140 age restricted domain condominium homes (Core Property)
- 144 age restricted Master condominium homes (Core Property)
- 185 age restricted Town homes (Core Property)
- 33 age restricted single family homes (Core Property)
- 12 market-rate single family homes along Blaisdell Avenue (Blaisdell Property). The parties understand that these units in these numbers are critical to the pricing structure and the economic viability of the Project.

- 9 additional units on the Core Property made up of age restricted single family, town home or condominium type houses, at Buyer's election, having a total "Product Value", as hereinafter set forth, of \$881,592 or more.

The total number of units contemplated by the Project (not including 20 Volunteer Housing Units) is 555, subject to adjustment as set forth below.

The \$24,000,000 total cash component of the Purchase Price includes \$19,500,000 which is based on the above housing type/density computed by reference to a "Product Value" or "PV" assigned to the various numbers and types of housing stock proposed. Those Product Values are as follows:

Age restricted single-family home -	\$ 47,508 { 33 x PV = \$1,567,764 }
Age restricted Town home -	\$ 43,188 { 185 x PV = \$7,989,780 }
Age restricted Master Condominium -	\$ 25,481 { 144 x PV = \$3,669,264 }
Age restricted Domain Condominium -	\$ 21,594 { 140 x PV = \$3,023,160 }
Market Rate single-family home -	\$ 197,370 { 12 x PV = \$2,368,440 }
Additional Age Restricted Units on Core Property -	\$ 881,592
 Total Product Value	 \$19,500,000

Architectural renderings and related floor plans developed by Looney Ricks and Kiss, depicting the various housing types referred to herein are annexed hereto, and made a part hereof, as Exhibit E. Although the annexed renderings are intended to depict the style and diversity of architecture to be developed by the Buyer on the Property, which is of material concern to the Seller, and otherwise to describe the types of housing units referred to for "Product Value" purposes, the inclusion of such renderings as an Exhibit to this Agreement is not intended to bind the Buyer or the Town's Architecture and Community Appearance Board of Review to the architectural details depicted in such renderings, the details of which shall be determined in the planning and architectural review processes.

3.2.2. Recognizing that a density that will yield a certain minimum dollar threshold is necessary if Buyer is to pay the \$19.5 million portion of the cash component of the Purchase Price, in full, the parties hereby acknowledge and agree that said cash component of the Purchase Price will be adjusted should the number and types of units ultimately approved by the Town Planning Board in the site development process be fewer or greater than as contemplated above.

While certain product types are used herein for purposes of this Agreement, the parties understand and agree that the exact numbers of different unit types initially proposed shall be at the discretion of the Buyer so long as the plan(s) submitted to the Town Planning Board for site plan and subdivision approval includes a diversity in architecture, and all components, taken together,

shall have a total Product Value of no less than the \$19.5 million Product Value set forth above at Section 3.2.1.

More specifically, the parties agree:

(a) If the site development plan ultimately approved by the Planning Board results in 501 Core units or more (511 less 10), there shall be no reduction in the cash component of the Purchase Price, unless there also shall be fewer than 12 market rate single-family homes along Blaisdell Road, in which event there shall be an adjustment to the Purchase Price in an amount equal to the PV assigned to the Blaisdell homes multiplied by the number of homes less than 12 that are approved. (By way of illustration, if Buyer loses up to 10 Core units through the approval process, there is to be no decrease in the cash component.)

(b) If the site development plan ultimately approved by the Planning Board results in the approval of between 490 and 500 Core units, and the PV of the Core units approved shall be less than \$17,131,560, there shall be a reduction in the cash component of the Purchase Price equal to the *lesser* of \$300,000.00 or the difference between \$17,131,560 and the Product Value of the units actually approved, together with a further reduction, if applicable, for the approval of fewer than 12 market rate single-family homes on Blaisdell Road, as computed at (a) above.

(c) If the site development plan ultimately approved by the Planning Board results in fewer than 490 Core units, there shall be a further reduction in the cash component of the Purchase Price allocable to the Core units which shall be pro rata together with a further reduction, if applicable, for the approval of fewer than 12 market rate single-family homes on Blaisdell Road, as computed at (a) above.

(d) Seller shall reserve the right to terminate and cancel this Agreement if, by reason of any dollar adjustment under this provision, the total cash component of the Purchase Price would be less than \$16,000,000; *provided, however*, that such right of cancellation shall not apply if Buyer agrees to waive any reduction in the cash component of the Purchase Price below \$16,000,000.

(e) Buyer shall reserve the right to terminate and cancel this Agreement if the total Product Value of the number and types of Core units actually approved by the Planning Board would be less than \$ 16,000,000.

3.3. Timing of Purchase Price. The parties agree that the cash component of the Purchase Price, crediting the Deposit, shall be due and payable at the Closing. The remaining components of consideration shall be satisfied in accordance with the estimated schedule below; such obligation to construct and/or develop such components, other than the cash component, to survive Closing and bind any successors, successors in interest, and assigns :

<u>Phase</u>	<u>Cash</u>	<u>Golf Course</u>	<u>Volunteer Homes</u>	<u>Total</u>
Phase 1 @ All Approvals	\$24,000,000			\$24,000,000
Phase 2 @ + 12 months		\$4,000,000	*\$4,500,000	\$8,500,000
Phase 3 @ + 24 months				
Phase 4 @ + 36 months				
TOTAL	\$24,000,000	\$4,000,000	\$4,500,000	\$32,500,000

* The Buyer agrees that the Volunteer Housing Units shall be constructed prior to the demolition of the existing structures along Blaisdell Road now under lease to Orangetown Volunteer Emergency Services Coalition, Inc. ("OVESC"). This provision of Section 3.3 shall survive Closing and bind Buyer's successors, successors in interest and assigns.

3.4. Town Recreation Fee. As a material part of the purchase price, and term of this Agreement, Buyer has agreed to provide certain additional improvements to the Town (golf course) which have an estimated value of \$4.0 million, as well as other recreational amenities, as and to the extent set forth in this Agreement, including a walking trail (as provided at Section 3.1.6). In connection with the development of the residential units proposed by this Project, the Town Code requires either that recreation facilities be developed or that money be paid to the Town in lieu of such facilities. The Town Board shall advise the Town Planning Board that it would be appropriate for there to be a reduction of recreation fees by 50%, such reduction attributable to the recreational improvements to be constructed by Buyer. It is understood that final approval of any reduction of the recreation fees rests with the Town Planning Board, as required by the Town Code, and that Buyer hereby agrees that it shall have the right to challenge such a determination only if it shall be granted less than a 50% reduction, in which event the Buyer's challenge, if any, shall be limited to 50% of the amount that otherwise would be due and owing.

4. INVESTIGATION PERIOD

4.1. Buyer shall have the opportunity to perform Studies and other due diligence on the Property until the ninetieth (90th) day following the Rezoning (the "Investigation Period"). In its sole and absolute discretion, Buyer may waive all or a portion of the Investigation Period by written notice in accordance with the terms of Article 17 hereof. Buyer, during the Investigation Period, may conduct investigations, tests, Studies and inspections of any kind or nature whatsoever including, without limitation, Phase I and Phase II environmental tests, soil and groundwater sampling, and may make a complete and independent investigation of all aspects of the transaction contemplated by this Agreement including, but not limited to, the condition of the Property, all correspondence, instruments, agreements, contracts, books, documents, records, plans, drawings, specifications, brochures, permits, licenses, registrations, consents, Property Documents and authorizations concerning the Property to determine the feasibility of development of the Property. Seller shall reasonably cooperate with all of the investigations, inquiries and Studies to be conducted by Buyer, provided any cost or expense associated therewith shall be borne fully and solely by Buyer. Buyer shall

meet with the New York State Department of Environmental Conservation to determine the protocols, procedures and methods for collecting data which will be applicable to Buyer's investigation of the Property, as well as any cleanup standards that may be relevant to the remediation of the Property for residential development.

4.2. Seller shall use its best, reasonable efforts to make available for Buyer's inspection, review and photocopying complete copies of all documents, contracts, leases, reports, Studies, surveys, title reports, test or inspection results of any kind or nature in Seller's possession, custody or control, or in the possession, custody or control of Seller's agents and consultants, concerning the Property, including, but not limited to, all documents relating to administrative proceedings, civil or criminal litigation and/or approvals of and for the Property. These documents shall include, without limitation: (1) all applications submitted to and approvals, grants, programs, protections, incentives, subsidies, agreements and permits issued by appropriate Governmental Authorities, including any correspondence, reports or plans referenced therein; (2) all agreements entered into by Seller relating to the development of the Property, e.g., developer's agreements, utility service agreements, easements, off-site improvement agreements, etc.; (3) current or pending engineering plans, concept plans, bond estimates and quantity take-offs for the Property and any associated off-site improvements for land development, utilities, grading, traffic improvements, etc.; (4) title insurance policies, reports or commitments for the Property; (5) boundary line and topographic surveys of the Property; (6) Environmental Documents, including, without limitation, environmental analyses or reports prepared on behalf of Seller or any prior owners of the Property, and any applications for grants, monies, inventories or the inclusion in any governmental program; (7) documents relating to any litigation or governmental action concerning the Property, whether or not such litigation has been resolved by a court of competent jurisdiction or is pending; and (8) tax bills (if any) for the prior three (3) tax years and any notice of a change in assessment or additional tax assessment, charge, fee or levy (collectively, the "Property Documents"). Seller shall make a diligent search for the Property Documents and, to the extent applicable, shall request its consultants to do the same. Seller shall further reasonably cooperate with Buyer in Buyer's efforts to acquire all such documents relating to the Property in the possession of and from the State of New York, as the immediate past owner of the Property. If requested by Buyer, Seller shall provide written authorization to Buyer to contact any of Seller's consultants and professionals that may have (or had) information or documentation relating to the Property and/or the transactions contemplated by this Agreement. Thereafter, Buyer may obtain such information and/or documentation directly from such consultant or professional. The Seller's obligations pursuant to this Section 4.2 shall be ones of good faith, with reasonable efforts, to assist Buyer in obtaining all information relating to the Property. Nothing herein shall be deemed or be construed as a representation or warranty as to the completeness or accuracy of any documents reproduced or made available to Buyer or otherwise constitute a representation or warranty by Seller relating to the condition of the Property. It is expressly understood and agreed that Seller makes no representation whatsoever concerning the Property or its condition, environmental or otherwise, except as otherwise expressly provided at Article 19 hereof, and that the Buyer's decision to purchase the Property is based upon its own independent investigation, assessment and analysis.

4.3. Subject to the terms of this Agreement and provided Buyer has delivered proof of the insurance coverage required by Section 4.6 hereof, Buyer, its officers, agents and employees, and the officers, agents and employees of the Buyer's contractors shall have full and complete access to the Property during the Investigation Period without further authorization from Seller subject to the terms of this Agreement. Additionally, Buyer shall require that its contractors carry insurance at levels reasonable and customary in their respective industry, naming Seller as an Additional Insured and covering Seller with respect to all of said contractor's activities of the Property. The access granted to Buyer pursuant to this Article shall consist of, without limitation, inspection, surveying, coring, installation of groundwater monitoring wells and piezometers, access for the purpose of sampling and other activities incident to the performance of an environmental assessment and any environmental monitoring work that is permitted by this Agreement, or by Environmental Laws. Should Buyer terminate this Agreement, or if the transaction contemplated hereby should otherwise fail to close, Buyer shall take all reasonable measures to restore the Property to substantially its condition prior to such Studies, due diligence or inspections, including the removal of all groundwater monitoring wells and/or piezometers if requested by Seller, unless otherwise prohibited from doing so by a Governmental Authority having jurisdiction over the Property.

4.4. Seller shall notify Buyer as and to the extent of its actual knowledge of any Hazardous Materials, utilities, underground structures, underground tanks or any conditions that are in violation of applicable laws, rules or regulations which relate to the Property, or written notices of any claimed violation of Environmental Laws. If any Hazardous Materials are brought onto any of the Property by Seller, or Seller becomes aware that any such Hazardous Materials are brought onto the Property by others, during the period following the expiration of the Investigation Period, Seller shall so notify Buyer and Buyer shall be entitled to terminate this Agreement and receive a full refund of the Deposit, provided, however, that Buyer shall notify Seller of its decision to terminate within forty-five (45) days of such notice by Seller.

4.5. Until such time as Buyer closes title on the Property, Buyer shall not be responsible for the remediation, or cost of remediation, of any existing condition on the Property, except for the ascertainable exacerbation of such existing condition attributable to the intentional or negligent acts or omissions of Buyer, its agents, employees or invitees. In the event of such ascertainable exacerbation of an existing condition by Buyer, Buyer shall be solely financially responsible for the cost of same, and Buyer hereby indemnifies and holds Seller harmless from, all claims, liabilities, damages, losses, costs, expenses (including, without limitation, reasonable attorneys' fees), actions and causes of action arising out of or in any way relating to the exacerbation of such condition and/or as an independent (unrelated to an existing condition) result of any entry onto the Property by, or any tests or inspections performed by Buyer, its agents, independent contractors, servants, employees or invitees. This obligation to indemnify and hold Seller harmless shall exclude any and all claims, liabilities, damages, costs, expenses, actions and causes of action arising out of or related in any way to any pre-existing condition unless the exacerbation of any such condition is due to Buyer's negligent or intentional acts or omissions on the Property provided, however that this exception to Buyer's obligation to indemnify and hold Seller harmless shall not apply,

and shall not be effective, as to any claims, liabilities, damages, costs, expenses and causes of action brought by, or in the name of, or in any way relating to Buyer's employees, agents, contractors or others who are on the Property at the Buyer's request, invitation or otherwise in connection with Buyer's activities thereon.

4.6. Buyer shall provide Seller with proof of Buyer's liability insurance coverage for its employees, agents and representatives, naming Seller as an Additional Insured and covering Seller with respect to all of Buyer's activities of the Property and having a combined single limit of not less than \$1,000,000 with at least \$5,000,000 excess liability coverage. Buyer or Buyer's agents shall also maintain at all times during the term of this Agreement worker's compensation insurance for such activities. Buyer shall repair any damage caused by such testing and shall restore the Property to substantially the same condition as existed immediately prior to such testing.

4.7. Buyer may terminate this Agreement at any time prior to the end of the Investigation Period for any reason or for no reason. If Buyer elects to terminate this Agreement pursuant to this Section, Buyer shall give written notice in accordance with Article 17 hereof, to Seller on or before the expiration of the Investigation Period, in which event Buyer shall: (1) return the Property Documents to Seller, and (2) with respect to any portion of the Property damaged or otherwise adversely affected by testing, restore the Property to substantially the same condition as existed before Buyer entered upon the Property in furtherance of its due diligence. Upon notice from Seller that Buyer has satisfied its obligations as aforesaid, Buyer may terminate the Letter of Credit or Seller shall return the cash Deposit, as the case may be, and the parties hereto, thereafter, shall be relieved of any further obligation or liability to each other.

4.8. Nothing herein shall be construed to prohibit or impair Buyer's access to the Property for its continuing investigation activities after the end of the Investigation Period and before Closing.

4.9. The term "Property", as used in this Article 4, shall include the Property to be conveyed, as defined at Section 1.30 hereof, and, in addition, all other property upon which the Buyer performs work by license pursuant to, or in connection with, this Agreement.

4.10. Not just limited to the term of the Investigation Period and so long as such does not extend the time periods set forth in this Agreement, or result in increased costs to the Town, the Town shall reasonably cooperate with the Company in:

(a) Discussions with the DEC relating to any funds, programs or incentives which may be available to the Property or Project under the Brownfield Programs or other state programs; and

(b) Discussions with the Rockland County Industrial Development Agency in relation to advocating for and utilizing any available economic development incentives for the Project including, without limitation, and to the extent applicable, for

sales tax and mortgage recording tax exemptions, but excluding real property tax exemptions (other than a full tax Payment in Lieu of Taxes Agreement).

(c) Assisting the Company in maximizing federal, state and local funding of the Project, including, without limitation, funding and liability releases available under the Brownfield Programs. The parties will work cooperatively in the preparation of such applications. The parties acknowledge that most of such applications require either direct application by the Town or the Town's consent to an application, which actions are subject to formal approval by the Town in its sole discretion in order to be submitted. It is intended that any such incentives received shall accrue to the Company and, as and to the extent applicable, be applied to the Property and the Project. Nothing in this Section 4.10, however, shall be deemed to commit the Company to fund, proceed with or undertake the Project; nor shall the Town be required to sign or otherwise participate in such applications where the Town, in its sole discretion, concludes that any such application would not be in the best interest of the Town.

4.11. The indemnification obligations, and/or post-closing or termination obligations, of Sections 4.3, 4.5, 4.6 and 4.7 hereof shall survive Closing of title or termination of this Agreement, as the case may be, and shall bind any successors, successors in interest and assigns.

5. POST CLOSING LIABILITY AND INDEMNIFICATION

The Parties specifically acknowledge that there may be material on the Property that would constitute Hazardous Material requiring environmental cleanup. The Seller shall have no obligation with respect to the environmental cleanup or injuries or other claims or liability occurring on or after the date of Closing. As part of the consideration in entering into this Agreement, the Parties agree as follows:

5.1. To the maximum extent permitted by law, for any claim against the Seller, its officers and employees, the Buyer hereby assumes the entire responsibility and liability for any and all damages (direct or consequential) and injury (including death), disease or sickness of any kind of nature whatsoever, not caused by the Seller, Seller's Employees, Seller's Officers, Seller's Attorneys and/or Seller's Consulting Engineers (hereinafter collectively "Indemnitees"), to all persons, caused by, resulting from, arising out of, or occurring on or after the date of Closing, in connection with the presence or removal of any Hazardous Material or toxic material and/or substance from the Property on or after the date of Closing. Except to the extent, if any, expressly prohibited by law, should any claims for such damage or injury be made or asserted against any of the Indemnitees, unless such claim is determined to be based upon a Seller's Employee, Officer, Attorney or Consulting Engineers or any of their assigns actual negligence or participating in the wrong, the Buyer shall indemnify, defend and save such Indemnitees harmless of, from and against any and all loss, cost, expense, and liability, cost and disbursements, that Indemnitees may directly or indirectly sustain, suffer or incur. This provision shall survive delivery of the Deed and shall bind any successors, successors in interest and assigns.

5.2. In addition, the Buyer will assume, on behalf of any and all Indemnitees the defense (with counsel selected by the Buyer, but subject to the reasonable approval of the party indemnified) including the cost thereof and any other cost of any action at law or in equity, or other legal proceeding, which may be brought against any Indemnitee, the amount of any judgment, decree, award, or order that may be entered against each said Indemnitee in any such action or proceeding. This provision shall survive delivery of the Deed and shall bind any successors, successors in interest and assigns.

5.3. Notwithstanding anything contained in this paragraph to the contrary, the Buyer's pre-closing obligations for defense and indemnification under this Agreement are governed by Article 4 hereof.

The provision of this Article 5 shall survive delivery of the Deed and shall bind any successors, successors in interest and assigns.

6. DEPOSIT OR LETTER OF CREDIT

Upon the Effective Date of this Agreement, Buyer shall deliver to Seller, at Buyer's option, a cash deposit in the amount of One Million Dollars (\$1,000,000) (the "Deposit") or a standby letter of credit in the amount of One Million Dollars (\$1,000,000) (the "Letter of Credit") in form and content acceptable to Seller able to be purchased at commercially reasonable rates and drawn on a bank or other financial institution having offices and licensed to do business in New York State. The purpose of the Deposit or Letter of Credit, as the case may be, is to provide security to Seller in the event of a default under this Agreement by Buyer. The Letter of Credit shall be terminable and revocable or the Deposit shall be fully refundable, as the case may be, if Buyer terminates this Agreement in accordance with the terms of this Agreement. Any interest earned on the Deposit shall follow the principle.

7. GOVERNMENTAL APPROVALS

7.1. If All Approvals have not been obtained by Buyer, after diligent effort, then (a) Buyer, at its sole option, may either: (i) terminate this Agreement or (ii) proceed to Closing, in which event the Purchase Price shall be determined in accordance with Article 3, or (b) Seller may terminate this Agreement. In the event either party shall elect to terminate this Agreement under this provision, the party seeking to terminate shall provide the other party with fifteen (15) business days notice thereof, during which period the other party shall have the right to challenge that determination and require that the party seeking to terminate demonstrate, in writing, that the Buyer has, or has not, as the case may be, exercised diligent effort in seeking to obtain All Approvals, but has been unable to do so.

If either Buyer or Seller terminates this Agreement pursuant to this Article 7, Buyer shall: (1) return the Property Documents to Seller; and (2) with respect to any portion of the Property damaged or otherwise adversely affected by testing, restore the Property to substantially the same condition as existed before Buyer entered upon the Property in furtherance of its due diligence. Upon written confirmation from Seller that

Buyer has satisfied its obligations as aforesaid. Seller shall return the cash Deposit or Buyer may terminate the Letter of Credit, as the case may be, and the parties hereto, thereafter, shall be relieved of any further obligation or liability to each other. Such written confirmation shall not be unreasonably withheld, conditioned or delayed.

7.2. In connection with Buyer's obligation to diligently seek All Approvals, Buyer shall have the right, but not the obligation, to undertake any litigation in order to obtain All Approvals including, without limitation, the right to litigate to the ultimate decision maker. Seller shall not, acting in its capacity as a party to this Agreement only, appeal or initiate litigation challenging any Approval for the Property. This provision shall not limit, alter, or abrogate any of the Town's responsibility to impartially consider any matter within its governmental authority and to pursue or initiate any action, proceeding or appeal it may deem appropriate as a municipal entity. If any party including, but not limited to, Buyer initiates litigation or otherwise appeals the grant, denial or revocation of any Approval, or if any moratorium is in effect directly or indirectly related to the development of the Property, the time periods in this Agreement shall be tolled and suspended during the time of any such appeal or moratorium. If an appeal/litigation results in the denial of any Approval or sustains the denial of Approval, Buyer, at its sole option, may, by written notice to Seller within twenty (20) days after the date of the Court Order memorializing such denial, either (a) waive any such Approval and close title to the Property and pay the Purchase Price therefore as and at the time required by this Agreement; (b) terminate this Agreement; or (c) expediently modify the Project or any document or correct any defect to gain such Approval. Buyer's ability to extend Closing by its appeal of decisions, claims, suits and litigation relating to Approvals shall exclude suits, appeals, claims and litigation to achieve results greater than the minimum levels required pursuant to Section 3.2.2 hereof.

7.3. Seller will reasonably cooperate with Buyer's pursuit of All Approvals. Seller shall reasonably consider and act upon all applications and related documents that are presented to Seller in connection with obtaining All Approvals. Seller understands that, as owner of the Property, it may be required to execute applications or other documents necessary for Buyer to obtain certain Approvals. Approval Costs shall be the responsibility of Buyer. Buyer has total control of and responsibility to seek All Approvals, including, without limitation, the right to designate all of its professionals who will be engaged in the approval process for Buyer. Nothing herein shall limit the Seller's right to hire its own professionals for its own purposes and to obtain payment or reimbursement of the cost of such professionals from Buyer in accordance with the professional reimbursement provisions of the Town Code.

7.4. To the extent reasonably necessary, Seller shall join Buyer in filing/recording an Approved Map in the County Clerk's Office and, in the dedication of streets, rights-of-way, any easements or other documents necessary to effectuate this Agreement, prior to the Closing, provided, however, that any such documents and plans are approved by Seller, which approval shall not be unreasonably withheld, conditioned or delayed. This provision is not intended, nor shall it be construed, to delay Closing until after the Town's acceptance of any such dedications, rights-of-way, easements or other such documents, but is intended solely to assist the Buyer in satisfying any condition that

may be imposed requiring Seller's signature. Buyer shall post the necessary performance guarantees, recreation fees, inspection fees and any other required fees or expenses required to permit the Approved Map to be signed by the required public officials including, but not limited to, the Clerk to the Town Planning Board, Chairman of the Rockland County Drainage Agency, and others, as may be required to permit filing in the County Clerk's Office. If Buyer has posted said performance guarantees, recreation fees, inspection fees and any other reasonable fees required to be posted as a condition of any Approval, and Closing does not occur pursuant to this Agreement, and Buyer is not then in default, Seller shall allow Buyer's performance guarantee and fees then on deposit to be released and/or refunded to Buyer.

8. TITLE AND SURVEY INVESTIGATION

8.1. Buyer shall deliver to Seller within the Investigation Period (i) a copy of the title insurance report for the Property, including the exception sheets, tax search, and other matters customary to such reports, together with a written notice setting forth any and all objections to title, as known at such time, and (ii) at Buyer's sole cost, a certified survey of the Property together with a list of any items appearing on the survey to which Buyer objects (collectively "Objections").

8.2. Not later than ten (10) business days after Seller receives Buyer's Objections, Seller shall notify Buyer of those Objections Seller agrees to cure and when and in what manner said items shall be cured. If Buyer is dissatisfied with the Seller's response or lack of response, Buyer may either: (a) terminate this Agreement or (b) waive such Objections and proceed under this Agreement. It is expressly understood and agreed that Seller may, but shall have no obligation to, cure any Objections.

8.3. Buyer shall have the further right to order a run-down title examination prior to Closing, at Buyer's cost and expense, and to submit to Seller any liens, restrictions, encroachments or encumbrances of any kind or nature which may have occurred, been created or placed of record since the initial title examination. Any such liens, restrictions, encroachments and/or encumbrances against the Property created subsequent to the initial title examination shall be considered "Rundown Objections" unless otherwise agreed to in writing by Buyer. Any such liens, restrictions, encroachments or encumbrances caused or contributed to by Seller after the expiration of the Investigation Period which are not remedied by Seller at or prior to Closing shall entitle Buyer to terminate this Agreement, receive a full refund of its Deposit (including, to the extent applicable, the termination of the Letter of Credit), and seek enforcement of all rights and remedies at law or in equity, provided, however, that Buyer may not obtain both damages and specific performance compelling Seller to convey the Property.

8.4. If Seller agrees to cure any such Objection under Section 8.2 above and/or Rundown Objection in the nature of liens, restrictions, encroachments and/or encumbrances under Section 8.3, and Seller fails to fully cure any such Objection or Rundown Objection prior to Closing, Buyer, at its sole option, may: (a) delay Closing to a date specified by Buyer so that Seller or Buyer removes or cures such Objection at Seller's expense; or (b) terminate this Agreement.

8.5. From the Effective Date of this Agreement, Seller shall not consent to any further encumbrance on the Property, without Buyer's prior written consent, except those encumbrances that may be satisfied by the payment of money.

8.6. To the extent applicable, Seller shall provide Buyer with evidence of the appropriate release documents for any and all liens against the Property at or prior to Closing.

9. CLOSING

9.1. Closing shall take place at Seller's offices, or at such other place as Buyer and Seller may agree, within thirty (30) days following the satisfaction of all conditions to Closing set forth in Article 10 hereof.

9.2. In addition to all transactional documents requiring Seller's execution, Seller shall deliver the following documents at Closing in form and substance satisfactory to Buyer and to Buyer's title insurance company: (1) Deed; (2) Seller's resolution authorizing the sale; (3) tax and utility bills, if any, required to be paid at Closing; (4) certificate of compliance with Section 1445 of the Internal Revenue Code (FIRPTA); (5) bill of sale for personal property, if any; (6) IRS Form 1099 (if required); (7) New York State Form TP-584; (8) easements, licenses or cross-easement agreements as may be required by the State of New York, or otherwise as may be agreed by and between the parties; (9) such other documents as Buyer's title insurance company reasonably may require in order to induce it to insure the conveyance; and (10) such other documents or agreements as may be reasonably required under this Agreement.

9.3. In addition to all transactional documents requiring Buyer's execution, as well as delivery of the Purchase Price, Buyer shall deliver the following documents at Closing: (1) New York State Form RP-5217; (2) cross-easement agreements as may be required; (3) title closing statement; (4) Buyer's resolution authorizing the sale; and (5) such other documents or agreements as may be reasonably required under this Agreement.

9.4. Any real estate transfer taxes or other fees related to the conveyance of the Property shall be paid by Buyer. Buyer shall further pay the cost of recording the Deed, its own title insurance premiums and any other expenses customary to be paid by Buyer at Closing.

9.5. If any governmental moratorium or prohibition is in effect at the time of the Closing, including, without limitation, moratorium or prohibitions regarding water, sewer, electrical, telephone or utility availability or service to the Property, then the Closing shall be suspended until such moratorium or prohibition is lifted.

10. CONDITIONS PRECEDENT TO CLOSING

The parties respective obligations to close under this Agreement are conditioned upon the satisfaction of each of the following (any one of which may be waived in whole

or in part in writing by the party not responsible for the fulfillment of such respective condition or obligation at or prior to Closing):

10.1. All material representations and warranties by Seller and Buyer set forth in this Agreement shall be true and correct and complete in all material respects as of Closing; and

10.2. Seller and Buyer shall have performed all material covenants, agreements, obligations and conditions required by this Agreement to be performed by Seller or Buyer, respectively, prior to Closing and shall have cured all defaults; and

10.3. Buyer shall have obtained All Approvals, and, to the extent required, if at all, Seller shall have transferred and assigned to Buyer all of Seller's rights, if any, in and to All Approvals, provided, however, Seller's obligation in this regard may be satisfied at Closing unless same shall be earlier required in order to permit Buyer to obtain another, or other, Approvals; and

10.4. Seller shall have satisfied all conditions relating to the conveyance of fee simple, marketable title insurable at regular rates and subject to standard non-property specific terms and conditions of a Title Policy in accordance with Article 8 hereof; and

10.5. Seller has obtained approval for the New York State Legislature, as and to the extent required by applicable law, related to the transfer of "parkland".

10.6. Neither party has terminated this Agreement in accordance with the terms set forth herein.

11. EMINENT DOMAIN

11.1. If, prior to the Closing, any condemnation or eminent domain proceeding has been commenced by any Governmental Authority or any utility authority, company or other agency having the power of eminent domain against all or any part of the Property, Seller shall so notify Buyer and shall provide Buyer with all information concerning such proceedings, in which event Buyer may (a) terminate this Agreement or (b) proceed to Closing as provided hereunder, in which case, any award in condemnation and/or unpaid claims or rights in connection with such condemnation shall be assigned to Buyer at Closing, or, if paid to Seller prior to Closing, credited to Buyer against the Purchase Price at such Closing. If Buyer does not terminate this Agreement, Seller shall (a) not adjust or settle any condemnation proceedings without the prior written approval of Buyer; (b) keep Buyer fully advised as to the status of the proceedings; and (c) allow Buyer to participate in all proceedings. Condemnation shall include a transfer resulting from negotiations under threat of taking.

11.2. From and after the Effective Date of this Agreement, Seller shall not initiate any communication with any Governmental Authority regarding possible governmental acquisition of the Property for open space or park land or any other public purpose. Should any Government Authority initiate communications with Seller

regarding possible government acquisition of the Property, Seller shall notify Buyer so that Buyer may participate in such discussions.

12. DEFAULTS AND TERMINATION

12.1. If Buyer or Seller defaults as to any of the material provisions of this Agreement, and the nondefaulting party serves the defaulting party with written notice specifying the default, the defaulting party has thirty (30) days from receipt of such notice to cure such default. Should any default be of a nature which cannot, with diligent efforts, be cured within thirty (30) days, the defaulting party shall not be deemed to be in default hereof so long as that party commences the cure within such thirty (30) days and thereafter diligently prosecutes such cure to completion. Failure of the defaulting party to cure the default within such time period shall automatically entitle the nondefaulting party to exercise its rights set forth below.

12.2. Subject to Section 12.4 below, if Buyer fails to cure a default, Seller shall have the right to recover its actual damages up to the amount of the cash Deposit or, Letter of Credit, as may be the case, as Seller's sole remedy against Buyer, in which event Seller shall have no further recourse against Buyer and this Agreement shall then become null and void and neither party shall have any further obligation to the other except for Buyer's indemnity obligation pursuant to Article 4 hereof which expressly survives the termination of this Agreement .

12.3. If Seller fails to cure a default, Seller shall refund the entire Deposit, or Buyer shall be entitled to revoke the Letter of Credit (to the extent applicable) and exercise any and all remedies available at law (as limited by Section 12.4) or in equity, including specific performance, provided, however, if Buyer is granted specific performance, it shall not be entitled to a return of the Deposit, which shall be applied to the Purchase Price, nor shall it be entitled to recover money damages of any kind or nature, including damages under Section 12.4 .

12.4. The parties have agreed to limit the amounts of damages that each may recover in the event of a breach or default by the other. These amounts are intended as reasonable, fair, estimates and not as a penalty. In the event of Seller's uncured breach or default, Buyer shall be entitled to a return of the Deposit (or release of the Letter of Credit, as may be applicable), together with its actual damages up to a maximum of Two Million Five Hundred Thousand Dollars (\$2,500,000.00). In the event of an uncured breach or default on the part of Buyer, Seller's remedy shall be as set forth at Section 12.2.

12.5. Where Buyer has discretionary rights of termination under this Agreement (including, without limitation, those related to the failure to obtain All Approvals), it shall not be entitled to a refund of the SEQRA Deposit unless, exclusively, Seller has defaulted on the terms of this Agreement. The return of the Deposit (or cancellation of the Letter of Credit, as the case may be) is treated differently pursuant to Section 4.7 hereof.

12.6. Upon termination of this Agreement, neither party shall have any further rights or obligations, pursuant to this Agreement except for those rights and obligations which expressly survive termination of this Agreement.

13. REAL ESTATE COMMISSION

Seller and Buyer represent to each other that each has had no dealings with any broker, salesperson or agent in connection with the sale of the Property. Seller and Buyer agree to defend and indemnify each other and hold each other (including its affiliates, subsidiaries and officers) harmless from and against any and all claims, liabilities, losses, damages and expenses (including court costs and reasonable attorneys' fees) asserted by any and all brokers, salespersons or agents with whom either has dealt in connection with the sale of the Property, if any. The representations and indemnifications set forth in this Article 13 shall survive Closing.

14. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York. The parties, including the Guarantor, further agree that any claim between them brought under, or arising out of, this Agreement shall be brought in the Supreme Court of the State of New York, in the County of Rockland or the United States District Court for the Southern District of New York.

15. POSSESSION ON CLOSING/RISK OF LOSS

Possession of the Property, including, without limitation, all buildings, garages and other structures, shall be delivered to Buyer by Seller at Closing vacant and free of any leases, licenses or rights of use by others (other than as set forth and established by easements, covenants or licenses of record as shown in Buyer's title investigation to be conducted during the Investigation Period). Buyer agrees to remove and properly dispose of any furniture, furnishings, equipment, machinery, inventory and other contents of all buildings and other structures on the Property, except for such items as may be expressly listed on an inventory prepared by Seller and delivered to Buyer prior to Closing. Such listed items shall be removed by Seller, at Seller's sole cost and expense, prior to Closing. Until delivery of the Property at Closing, all risk of loss with respect to the Property, except with respect to Buyer's activities on the Property, shall be Seller's. Seller shall deliver the Property at Closing in the same physical condition as exists at the time of execution of this Agreement, with the exception of conditions resulting from Buyer's activities on the Property. The provisions of this Article 15 shall be in addition to and not by way of limitation of the parties' rights under Section 5-1311 of the New York State General Obligations Law.

16. TAXES, ADJUSTMENTS AND INCIDENTAL COSTS

16.1. Seller shall keep all real estate taxes, levies or fees current for the Property during the term of this Agreement.

16.2. All assessments for improvements (confirmed or unconfirmed), as of the date of Closing, except those which are a result of Buyer's construction activities on the Property, shall be paid by Seller prior to Closing or shall be deducted from the Purchase Price. Assessments for improvements shall include, but are not limited to, assessments for water, sewer and other charges against the Property. In the event Buyer shall require temporary utilities in the course of its investigation and other activities on the Property prior to Closing, Buyer shall make such arrangements with the appropriate public utility and shall be responsible for the cost thereof.

16.3. At Closing, the Property shall be free of any amounts of taxes, assessments or levies due for the period prior to the Closing Date and any and all liens related thereto.

16.4. All tax apportionment, except rollback taxes as and to the extent applicable, shall be on the basis of the fiscal year used by the municipal taxing authority and shall be prorated to the date of Closing. If, at Closing, the tax rate for the fiscal year in which the Closing occurs is not fixed, the tax apportionment at Closing shall be tentative and shall be made on the basis of the preliminary tax bills for the Property. A final tax adjustment shall be made promptly after final tax bills have been issued.

16.5. Rollback taxes, if any, shall be paid at or prior to the time of Closing by Seller. If, at the time of Closing, the final rollback tax bill has not been determined, the rollback tax adjustment at Closing shall be tentative and shall be determined by Buyer's title company, which shall hold in escrow the estimated amount of any such adjustment until the final rollback tax adjustment is made. A final rollback tax adjustment on the basis of the final rollback tax bill for the Property shall be made promptly after such bill has been issued.

The provisions of this Article 16 shall survive Closing and delivery of the Deed.

17. NOTICES

17.1. Notices. All notices hereunder to the respective parties will be in writing and will be served by personal delivery or by prepaid, express mail (next day) via a reputable courier service, or by prepaid, registered or certified mail, addressed to the respective parties at their addresses set forth below. Any such notice to Seller or Buyer will be deemed to be given and effective: (i) if personally delivered, then on the date of such delivery, (ii) if sent via express mail (next day), then one (1) business day after the date such notice is sent (unless it be shown that delivery was not made on such date), (iii) if sent by registered or certified mail, then three (3) business days following the date on which such notice is deposited in the United States mail addressed as aforesaid, or (iv) if sent by telecopy, then at the time and on the date set forth on the telecopy confirmation sheet, provided that if the time of delivery is after 5:00 p.m. Eastern Time, delivery shall

be deemed given on the next Business Day. Copies of all notices will be sent to the following:

If to the Seller:

Town of Orangetown
Town Hall
26 Orangeburg Road
Orangeburg, New York 10962
Attn: Supervisor

And to its Attorney:

Town of Orangetown
Town Hall
Orangeburg, New York 10962
Tel.: (845) 359-5100
Fax: (845) 359-2715
Attn: Town Attorney

If to the Buyer:

James Driscoll, Area President
Steven J. Caporaso, Area Vice-President
K. Hovnanian Companies
100 Fieldcrest Avenue
Edison, New Jersey 08837

And to its Attorney:

Stephanie Bortnyk, Esq.
K. Hovnanian Companies
110 Fieldcrest Avenue, CN7825
Edison, New Jersey 08837
Tel.: (732) 623-6819
Fax: (732) 225-3530

David R. Everett, Esq.
Robert M. Gach, Esq.
Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Tel.: (518) 487-7600; Fax: (518) 487-7777

17.2. Either party may change its notice address, entity or party upon not less than ten (10) days' prior written notice to the other party in accordance with this Article 17. All such notices shall be effective when received.

18. BUYER'S REPRESENTATIONS

18.1. Buyer represents and warrants as follows:

18.1.1. Buyer represents that it has the full right and authority to execute this Agreement and consummate all of the transactions hereby contemplated.

18.1.2. Buyer is a business corporation which is duly organized and validly existing under the laws of the State of New York and is in good standing in such State as well as New York and is duly authorized to do business in New York. Buyer maintains an office for the conduct of business in New York.

18.1.3. All post-Closing obligations of Buyer hereunder shall survive Closing including, but not limited to, those relating to the Golf Course, Walking Trails and Volunteer Housing Units all as and to the extent set forth in this Agreement and shall bind any successors, successors in interest and assigns.

18.1.4. As of Closing and subject to the Seller's obligations and representations and warranties expressly made herein, Buyer accepts the Property in its "As Is" condition.

18.1.5. As of Closing, except as otherwise expressly set forth herein, Seller, including Seller's employees, consultants, agents and/or other persons, have not made any verbal or written representation, warranties, or other promise or guaranties, express or implied, with respect to the physical condition of the Property, or to the future zoning of the Property, and Buyer has not relied upon any such representations, warranties, or other promises or guaranties, express or implied, with respect to the physical condition of the Property, including informational documents, or to the future zoning of the Property, as a reason or inducement for it to enter into this Agreement, but is making such decision solely upon its own independent inspection, analyses and evaluation of the Property and other factors relevant to its determination.

18.1.6. The above representations shall survive Closing.

19. SELLER'S REPRESENTATIONS

19.1. Seller represents and warrants, as follows:

19.1.1. Subject to statutory or constitutional limitations and/or restrictions on the conveyance of municipally owned real property, Seller has the full right and authority to execute this Agreement and consummate all of the transactions hereby contemplated. This Agreement has been duly authorized, executed and delivered by and on behalf of Seller. The execution, delivery, performance of and compliance with this Agreement by Seller will not (with or without the giving of notice or lapse of time, or both) result in any violation of, or

be in conflict with, or constitute a default under, the terms of any contract, note, indenture or other agreements to which Seller is a party, or of any judgment, decree or order to which Seller is subject. Seller makes no representation or warranty relating to the SEQRA process.

19.1.2. There are no attachments, executions, assignments for the benefit of creditors or any pending proceedings, either voluntary or involuntary, in bankruptcy, which are contemplated or threatened against Seller.

19.1.3. To the best of Seller's actual knowledge, there are no existing or pending litigation, claims, condemnations or sales in lieu thereof, contracts of sale, options to purchase or rights of first refusal with respect to the Property or any part thereof, nor have any such actions, suits, proceedings, claims or other such matters been, to the best of Seller's knowledge and belief, threatened or asserted that would affect Seller's ability to perform under this Agreement.

19.1.4. Seller has received no notice of and has no actual knowledge of any pending or threatened improvements, liens, special taxes or assessments, fees, or levies to be made on or against the Property by any Governmental Authority.

19.1.5. The execution of this Agreement by Seller is effectual without the joinder of any other party and no signatures other than Seller's will be required to be affixed to the Deed in order to close title as contemplated by this Agreement.

19.1.6. Recognizing that the Property may require environmental remediation precedent to its development in the manner contemplated under this Agreement, as of the Effective Date of this Agreement, Seller has not received actual notice from any Governmental Authority having jurisdiction over the Property of any violation of Environmental Laws.

19.1.7. Seller represents that it is not now, nor will be at time of Closing, a "foreign person" as described in Section 1445 of the Internal Revenue Code of 1986, as amended.

19.1.8. The Property Documents to be made available by Seller to Buyer pursuant to this Agreement, whether an Exhibit to this Agreement or otherwise, are not actually known by Seller to be materially false.

19.1.9. Other than as disclosed to Buyer, including disclosure relating to easements and cross-easements with the State and others, Seller has not made, and will not make, any commitments or representations to any applicable Governmental Authorities, or to adjoining or surrounding property owners, which would, in any manner, be binding upon Buyer, or impact Buyer's construction of the Project.

19.1.10. Other than as disclosed to Buyer, including disclosure relating to easements and cross-easements with the State and others, Seller has granted no person any contract or other legal right to the use of any portion of the Property, or the furnishings or use of any facility or amenity on, or relating to, the Property.

19.1.11. Seller has no knowledge of the institution or proposed institution of any judicial, administrative or other proceeding related to the proposed taking of any part or all of the Property whether by eminent domain or for proposed open space acquisition.

19.1.12. Seller shall diligently pursue: (a) any required permissive referendum required by the New York State Town Law; and (b) approval of the New York State Legislature, as and to the extent required, to sell, convey or transfer "parkland".

19.1.13. All post-Closing obligations of Seller hereunder shall survive Closing, including, but not limited to, those obligations relating to the Golf Course, Volunteer Housing and Walking Trails all as and to the extent set forth in this Agreement, and shall bind any successors, successors in interest and assigns.

19.2. Seller has an affirmative obligation to notify Buyer of any changes in the representations and warranties from the Effective Date up and to Closing. The representations and warranties set forth in this Article 19 shall: (a) be true and correct as of Closing; and (b) survive Closing. In addition, the truth of these representations and warranties is a condition precedent to Buyer's performance of its obligations under this Agreement.

19.3. If any of Seller's representations or warranties set forth in this Agreement are not true as of the date of Closing, Buyer, at its sole option, may either (a) close title; or (b) terminate this Agreement. Notwithstanding the foregoing, prior to Closing, Seller shall be entitled to notice of any representation or warranty which Buyer believes is not true and Seller shall have ten (10) business days after receipt of notice from Buyer within which to cure or dispel the alleged misrepresentation or breach of warranty, unless such alleged breach or misrepresentation cannot, with diligent efforts, be cured within ten (10) business days, in which event Seller shall be required to commence the cure within such ten (10) days and thereafter diligently prosecutes such cure to completion, before Buyer shall have the right to exercise its options pursuant to this Article 19.

20. LICENSES

Subject to the rights of others to safely use the roadways in and about the Property, and the other reasonable needs of the Town and adjacent psychiatric center, Buyer is hereby granted a license to erect signs and place sales and/or construction trailers with utility connections and adequate parking at appropriate locations on the Property after the Investigation Period and prior to Closing. If this Agreement is

terminated for any reason. Buyer will promptly remove, at Buyer's sole cost and expense, any signs, trailers or utility connections installed in accordance herewith.

21. RECORDING

Except as set forth hereafter, neither this Agreement nor any document referenced in this Agreement shall be recorded in any public office by or on behalf of either party. Buyer and Seller shall execute contemporaneously: (a) the "Short Form Agreement," attached hereto as Exhibit F, together with a New York State Form TP-584; and (b) the "Cancellation of Short Form Agreement," attached hereto as Exhibit G. Buyer is authorized to record the Short Form Agreement in the Rockland County Clerk's Office. The Cancellation of Agreement shall be held by Seller's attorney until the earlier of: (a) the completion of Buyer's post-closing obligations hereunder; (b) following the completion of Buyer's post-closing obligations, written direction from Buyer to record the Cancellation of Agreement; (c) termination of this Agreement in accordance with the terms hereof; or (d) upon the order of a court of competent jurisdiction.

22. BUYER'S EMPLOYMENT PRACTICES.

22.1. The Buyer shall use reasonable efforts to hire qualified local contractors and qualified union contractors to work on the Project, which may include the issuance of a Project Labor Agreement. Additionally, the Buyer, in cooperation with the Town, shall establish a Building Trades Committee. The Building Trades Committee shall work to provide opportunities for qualified local trades and suppliers to bid and obtain work on the Project. Notwithstanding the foregoing, the Buyer shall have the final decision as to the trade contractors and suppliers employed on the Project. This provision shall survive delivery of the Deed and shall bind any successors, successors in interest and assigns.

22.2. At all times during the performance of its work on the Project under this Agreement, the Buyer shall not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons and women are afforded equal opportunity without discrimination. This provision shall survive delivery of the Deed and shall bind any successors, successors in interest and assigns.

22.3. Nothing in this Section or in this Agreement shall be deemed to create any third party beneficiaries to this Agreement or grant or create any third party rights or benefits to any person or entity.

23. MISCELLANEOUS

23.1. All captions and headings are for reference only and do not define, limit, explain or amplify any provisions of this Agreement.

23.2. This Agreement, as a matter of convenience to both parties, was initially prepared by the attorney for Buyer. Both parties agree that if there is an ambiguity in this

Agreement. such ambiguity shall not be resolved against Buyer solely on the basis that the Agreement was prepared initially by Buyer's attorney.

23.3. This Agreement constitutes the entire agreement between the parties. No representations have been made by the parties, except as set forth herein. Any modifications and amendments to this Agreement shall be in writing signed by Buyer and Seller.

23.4. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be original, and all of which together shall constitute one and the same instrument.

23.5. Notwithstanding any presumption to the contrary, all covenants, conditions and representations contained in this Agreement which, by their nature, impliedly or expressly involve performance in any way after Closing, or which cannot be ascertained to have been fully performed until after Closing, shall survive Closing.

23.6. Each party shall, at the other party's request, take such further actions and execute such further documents that are reasonably necessary to effectuate the purposes and terms of this Agreement. This obligation shall survive Closing and shall bind any successors, successors in interest and assigns.

23.7. All payments to Seller shall be made by wire transfer or otherwise as agreed by the parties.

23.8. Whenever the date set forth for any action, meeting or Closing as provided in this Agreement is a Saturday, Sunday or legal holiday, such action, meeting or Closing shall be held on the next succeeding Business Day.

23.9. Neither this Agreement nor any of the Approvals that may be granted may be assigned by the Buyer without the express written consent of the Seller, it being specifically recognized and understood that the Buyer was selected after a multi-year selection process because the Seller believes the Buyer is capable of executing the Project in a manner consistent with the goals of the Seller for the development of the Project, including the recreation improvements to be developed and conveyed to the Seller. Notwithstanding the foregoing, the Buyer may assign this Agreement and any Approvals to an entity in which the Buyer maintains a controlling ownership interest or has common ownership with the Buyer, and further provided that; (i) in connection with the golf course improvements, the Buyer, or the Buyer's Assignee, shall provide, at a minimum, the same components as shown on Exhibit D hereto, and the same or better quality in the design, construction and execution of the Golf Course improvements as would be provided were "Bergstol Enterprises" the Golf Course designer/developer; (ii) such Assignee has a business office, and is otherwise authorized to do business, in New York State; and (iii) the Guarantor hereunder continues to guarantee the Assignee's performance hereunder.

Provided further that no assignment shall be deemed to occur if the Buyer (i) enters into a joint venture to complete one or more elements of the Project; or (ii) participates in

another form of financial partnership or arrangement with a third-party in relation to the Project. (It being expressly understood and agreed that the Guarantor's guaranty of obligations of the Buyer and Project under this Agreement shall be unaffected by any such joint or other internal business arrangement).

No assignment may take place without providing the Seller with notice and documentation demonstrating compliance with the terms and conditions of this Agreement and the Approvals.

Provided the Buyer is not then in default of the terms of this Agreement, the Seller may not assign this Agreement or negotiate with another party regarding the Property or the Project without the express written consent of the Buyer.

This provision shall survive delivery of the Deed, and shall bind any successors, successors in interest and assigns.

23.10. Any provision required by law to be included in an Agreement such as this Agreement shall be deemed to be included herein.

23.11. Any Notice given hereunder to Buyer shall be deemed to have been given to the Guarantor as well. The Guarantor, by signing the Guaranty contained herein, and made a part hereof, consents to any modification, waiver, or extension of time agreed to by Buyer, and further expressly consents to the provisions of Article 14, relating to jurisdiction and venue in the event of any dispute hereunder.

23.12. All terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective legal representatives, successors, successors in interest and assigns. This provision shall survive Closing and bind successors, successors in interest and assigns with respect to any of the post-closing obligations hereof.

23.13. Any term or provision of this Agreement that is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement, or affecting the validity or enforceability of any of the terms or provisions of this Agreement.

23.14. The representations, warranties, covenants, agreements and indemnities set forth in or made pursuant to this Agreement shall remain operative and shall survive the termination of this Agreement and shall not be merged with any subsequent instrument of conveyance. Any provision hereof referencing an obligation which survives the effectiveness of this Agreement shall be deemed to survive.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, each party hereto, being authorized to do so and intending to be legally bound hereby, has duly executed and entered into this Agreement on the date first set forth above.

BUYER:

K. Hovnanian Companies of New York, Inc.

By: _____
Name:
Title: President/Manager

SELLER:

Town of Orangetown

By: _____
Name:
Title:

**UNCONDITIONAL GUARANTY OF
CONTRACT OF PURCHASE AND SALE**

In consideration of the agreement by the TOWN OF ORANGETOWN, a municipal corporation having offices at 26 Orangeburg Road, Orangeburg, New York 10962 (hereinafter the "Town") to enter into a Contract of Purchase and Sale (hereinafter the "Agreement") with K. HOVNANIAN COMPANIES OF NEW YORK, INC., a New York business corporation, with offices at 110 Fieldcrest Avenue, Edison, New Jersey 08818 (hereinafter the "Company"), relating to property located in the Town of Orangetown, formerly a part of the Rockland Psychiatric Center, K. HOVNANIAN HOLDINGS OF NEW JERSEY, LLC, a New Jersey limited liability company, with offices at 110 West Front Street, Red Bank, New Jersey 07701 (hereinafter the "Guarantor") hereby unconditionally guarantees to the Town against the Company the faithful performance of each and every obligation of the Company, and any Successor or Assign of the Company in and under the said Agreement, monetary or otherwise, including such additional or different obligation(s) as may arise in the future by agreement of the Town and Company ("Obligations").

Guarantors consent and agree that the Obligations of the Company may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, settled or released by agreement of the Town and the Company or otherwise dealt with by the Company, all without any notice to, further assent by, or loss of any rights against the Guarantor, and without in any way affecting or releasing the liability of the Guarantor hereunder.

If the Guarantor shall fail to perform any agreement contained herein or in any other agreement delivered by the Guarantor to the Town or, if default occurs in the punctual payment of any sum payable upon any of said Obligations or, if Guarantor or the Company or any other party to said Obligations should (i) dissolve or be dissolved; (ii) enter, voluntarily or involuntarily, into any insolvency proceedings, state or federal; or (iii) fail to pay any taxes when due; or (iv) any other occurrence of default under any writing by the Company with the Town, the Obligations, upon the occurrence of any such event, shall become forthwith due and payable and otherwise the obligations of the Guarantor.

The Guarantor acknowledges that the Town may first seek recovery from the Guarantor before the Town brings any action against the Company.

The Guarantor waives any and all notices of acceptance of this Guaranty, of the creation of said Obligations, or of any renewals or extension thereof or of the reliance by the Town upon this Guaranty. The Guarantor waives protest, demand for payment, notice of default or non-payment to the Guarantor, the Company or any other party liable for any of said Obligations. This Guaranty shall be a continuing, absolute and unconditional guarantee of performance, including payment.

The execution and delivery hereafter to the Town by any Guarantor of a new instrument of guarantee shall not terminate, supersede or cancel this instrument, unless expressly provided therein. All rights and remedies of the Town hereunder or under any instrument of guarantee hereafter executed and delivered to the Town by any Guarantor shall be cumulative and may be exercised singly or concurrently.

No course of dealing between the Guarantor and the Town shall change or modify or discharge, in whole or in part, this Guaranty unless expressly agreed to in writing executed by the Town and the Guarantor. No waiver of any rights or powers of the Town or consent by it shall be valid unless in writing and signed by the Town.

Any notice to Town shall be deemed effective only if sent to and received in the manner set forth in the Agreement. Any notice to the Guarantor shall be deemed sufficient if sent to Guarantor at the address of the Guarantor set forth herein, unless written notice of such change of address of Guarantor is sent to and received by the Town, with such change acknowledged as received by the Town.

The Guarantor agree that whenever any attorney, including the Town Attorney, is used to obtain payment under or otherwise enforce the Obligations of the Agreement or

under this Guaranty, whether by suit or by any other means whatsoever, a reasonable attorneys' fee shall be an obligation of the Guarantor. Such sums are in addition to any amounts that the Town may otherwise be entitled to recover. The Town and Guarantor, in any litigation in which the Town and Guarantor shall be adverse parties, waive trial by jury and the Guarantor, in addition, waives the right to interpose any defense based on any claim of laches and any set-off or counterclaim of any nature. This Guaranty shall be governed by and construed in accordance with the laws of New York State.

Guarantor, if more than one, shall be jointly and severally bound and liable hereunder.

Guarantor acknowledges that Guarantor has had an opportunity to consult counsel of Guarantor's choice before executing this document.

Guarantors acknowledge that there are no representations that have been made by the Town upon which any Guarantor has relied in executing this document, other than those contained herein.

This Guaranty may not be changed orally. Any representations by the Town hereafter made by the Town to the Guarantor must be written in order for the Guarantor to rely upon said representations.

IN WITNESS WHEREOF, the undersigned have duly executed this instrument this ____ day of August, 2007.

K. HOVNANIAN HOLDINGS OF NEW JERSEY, LLC,

By: _____
(Name and Title)

STATE OF NEW JERSEY)

: ss.:

COUNTY OF)

On the _____ day of _____, 2007, before me, the undersigned a Notary Public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which individual(s) acted, executed the instrument.

Notary Public

EXHIBIT "A"
DESCRIPTION OF PROPERTY

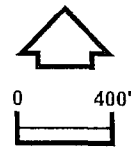
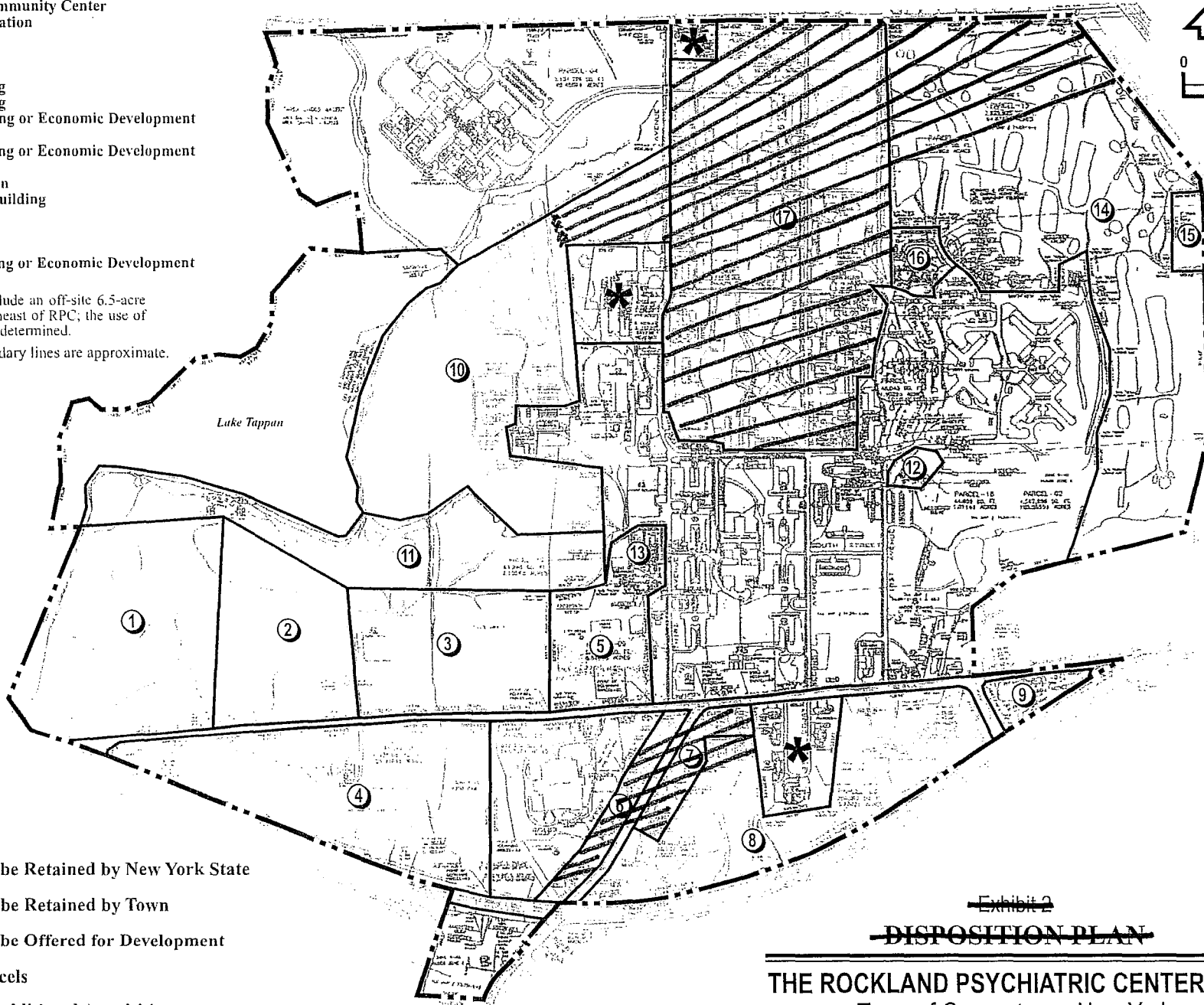
EXHIBIT A






--- = APPROXIMATE BOUNDARIES OF PROPE / TO BE CONVEYED TO K. HOVNIANIAN

1. Town Pool and Community Center
2. Commercial Recreation
3. Athletic Fields
4. Athletic Fields
5. Athletic Fields
6. Affordable Housing
7. Affordable Housing
8. Low Impact Housing or Economic Development
9. Open Space
10. Low Impact Housing or Economic Development
11. Open Space
12. Religious Institution
13. GAA Recreation Building
14. Golf
15. Cemetery
16. Religious Use
17. Low Impact Housing or Economic Development

NOTE: Map does not include an off-site 6.5-acre parcel to the southeast of RPC; the use of which is yet to be determined.

NOTE: Open space boundary lines are approximate.



-  Parcels to be Retained by New York State
-  Parcels to be Retained by Town
-  Parcels to be Offered for Development
-  Other Parcels
-  Potential Additional Acquisition

~~Exhibit 2~~
~~DISPOSITION PLAN~~

THE ROCKLAND PSYCHIATRIC CENTER SITE
Town of Orangetown, New York

EXHIBIT "B"

PRELIMINARY CONCEPTUAL SITE PLAN



Overall Site Context

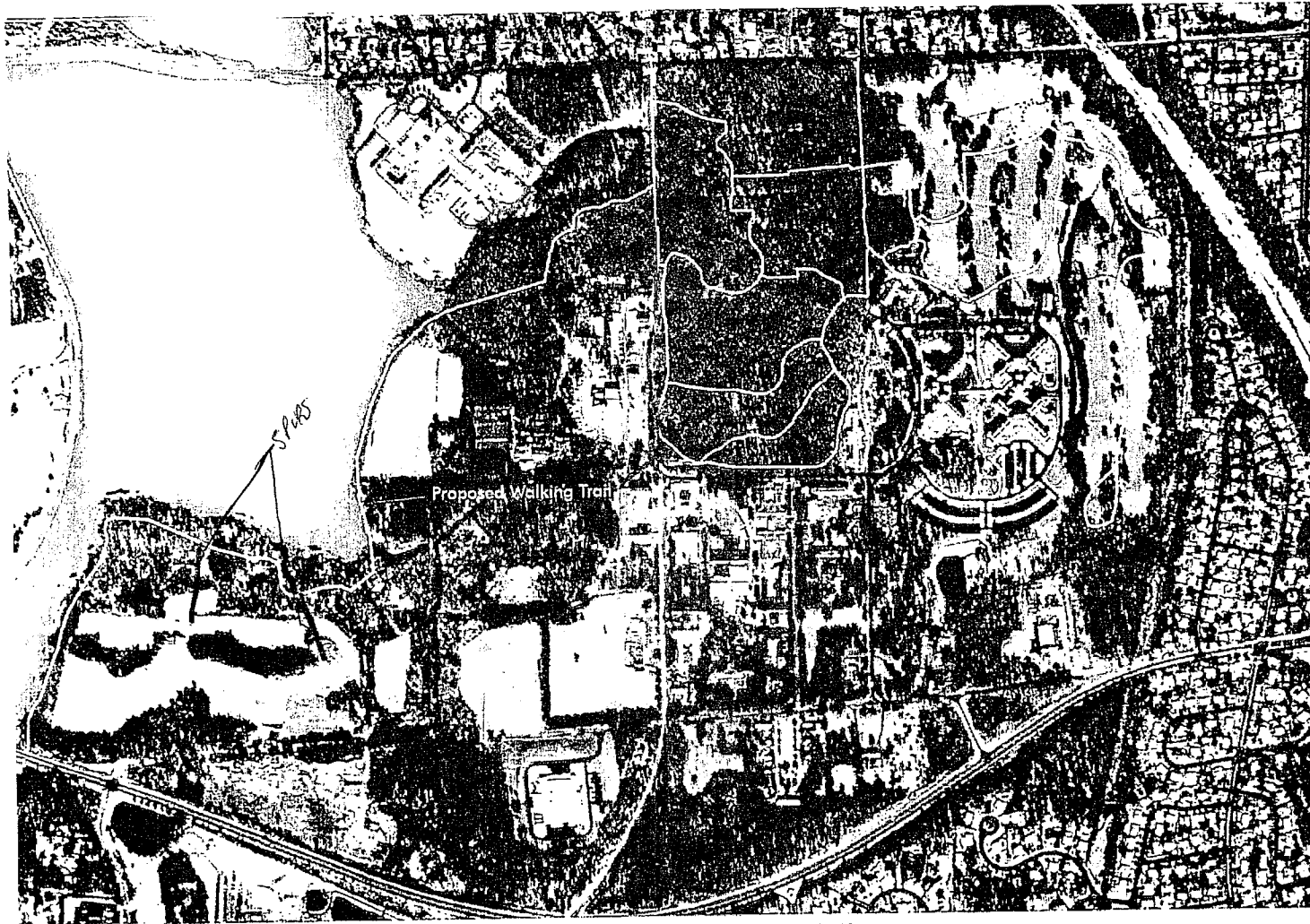
Four Seasons at Orangetown
 K Hovnanian • Edison, New Jersey

03.0-4031.01 • November 21, 2006



182 Nassau Street, Suite 201
 Princeton, New Jersey 08542
 Telephone 609 683 3600
 Fax 609 683 0054
 Internet: www.lrk.com

Memphis Nashville Princeton Celebration
 Architecture • Planning • Interiors • Research



PROPOSED WALKING TRAIL SITE PLAN



FOUR SEASONS AT ORANGETOWN

K Hovnanian, Edison, New Jersey
July 11, 2007

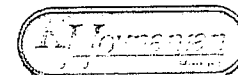


EXHIBIT C
SCHEDULE OF FEES

RPC Proposal Term Sheet – August 23, 2006

TOWN OF ORANGETOWN CONSTRUCTION FEES

BUILDING

Building Permit	\$100.00 for first \$1,000.00 and \$10.00 each additional \$1,000.00 of construction value
Sign Permit	\$ 125.00
Demolition Permit	\$ 125.00
Temporary C.O.	\$ 100.00
Use C.O.	\$ 100.00
Tank Removal	\$ 100.00
6-month Extension	\$ 100.00
Renewal of permit (ONLY Final Inspection needed)	\$ 100.00
Outdoor Dining Permit	\$ 100.00
Sidewalk Dining Permit	\$ 100.00
Permit renewal prior to Expiration (6-month Extension of permit)	\$ 100.00 or 10% of original (whichever is greater)
Violation Search	\$ 125.00 (Covers complete request)
Copy of Certificate of Occupancy	\$ 25.00 (Individual requests)

ARCHITECTURE & COMMUNITY APPEARANCE BOARD OF REVIEW

Residential Site Plans	\$ 125.00
Commercial Site Plans	\$ 300.00
Subdivision Plans	\$ 300.00
Signs	\$ 50.00
Other	\$ 50.00

PLANNING BOARD

Consultation	\$ 100.00
<u>Subdivision Review</u>	
Pre-preliminary	
Minor	\$ 50.00
Major	\$ 100.00+\$50.00 per new lot
Preliminary	
Minor/Major	\$ 100.00+\$70.00 per new lot
Final	
Minor/Major	\$ 100.00+\$80.00 per new lot
<u>Site Plan Review</u>	
Pre-preliminary/Preliminary/Final Residential	\$150+\$25.00 for each dwelling
Pre-preliminary/Preliminary/Final Non-residential	\$150.00+\$25.00 for every 2000 sq.ft. of floor space
Consultation/Other	\$ 100.00
<u>Escrow Amount for Drainage Review</u>	
Minor Subdivision	\$1,000.00
Major Subdivision	\$1,500.00 +\$100.00/lot over 10 lots
Commercial Site Plan	\$1,500.00+\$200.00/acre over 2 acres
Residential Site Plan (in CEA)	\$ 650.00
Commercial Sub-division	\$1,000.00
(involving exterior changes that may affect drainage)	

RPC Proposal Term Sheet – August 23, 2006

ZONING BOARD OF APPEALS

Variance

Residential District	\$ 100.00
Other	\$ 150.00

Special Permit

Residential District	\$ 100.00
Other	\$ 200.00
Performance Standards	\$ 200.00
All Other Applications	\$ 100.00

ROAD OPENING FEES

GIS Fee	\$ 10.00
Application Fee	\$ 50.00
Shoulder	\$ 200.00
Half a Road	\$ 300.00
Whole Road	\$ 500.00
Per Inspection	\$ 25.00

(work involving sidewalks will be charged an additional \$12. per sq. ft. as escrow)

DRIVEWAY PERMITS/ROAD CONNECTION

GIS Fee	\$ 10.00
Application Fee	\$ 50.00
(Includes 1st Inspection. Additional Inspections will be billed)	\$ 25.00 Non-refundable

ROAD HAULING PERMITS

Application Fee	\$ 50.00
Per month per vehicle	\$ 50.00
Six months per vehicle	\$ 100.00
One year per vehicle	\$ 150.00

SEWER FEES

Permit Fees	\$ 200.00 per unit
Inspection Fee for connections	\$ 150.00 per connection

INFRASTRUCTURE FEES

3% Inspection Fee on construction value of roads, drainage improvements, sewer lines, pumping station

Note: 3% Inspection Fee may also be applicable to the golf course, pool and restaurant, if they are built for the Town's ownership.

SUBDIVISION TRUST FUND/FEE IN LIEU OF LAND

Per lot or per housing unit (3 or more bedrooms)	\$9,000.00
*Single Family House	
Per lot or housing unit for two bedroom units	\$6,300.00
Per housing unit for one bedroom units	\$4,200.00

STATE ENVIRONMENTAL REVIEW QUALITY ACT

Fees per State statute
Consultant Cost

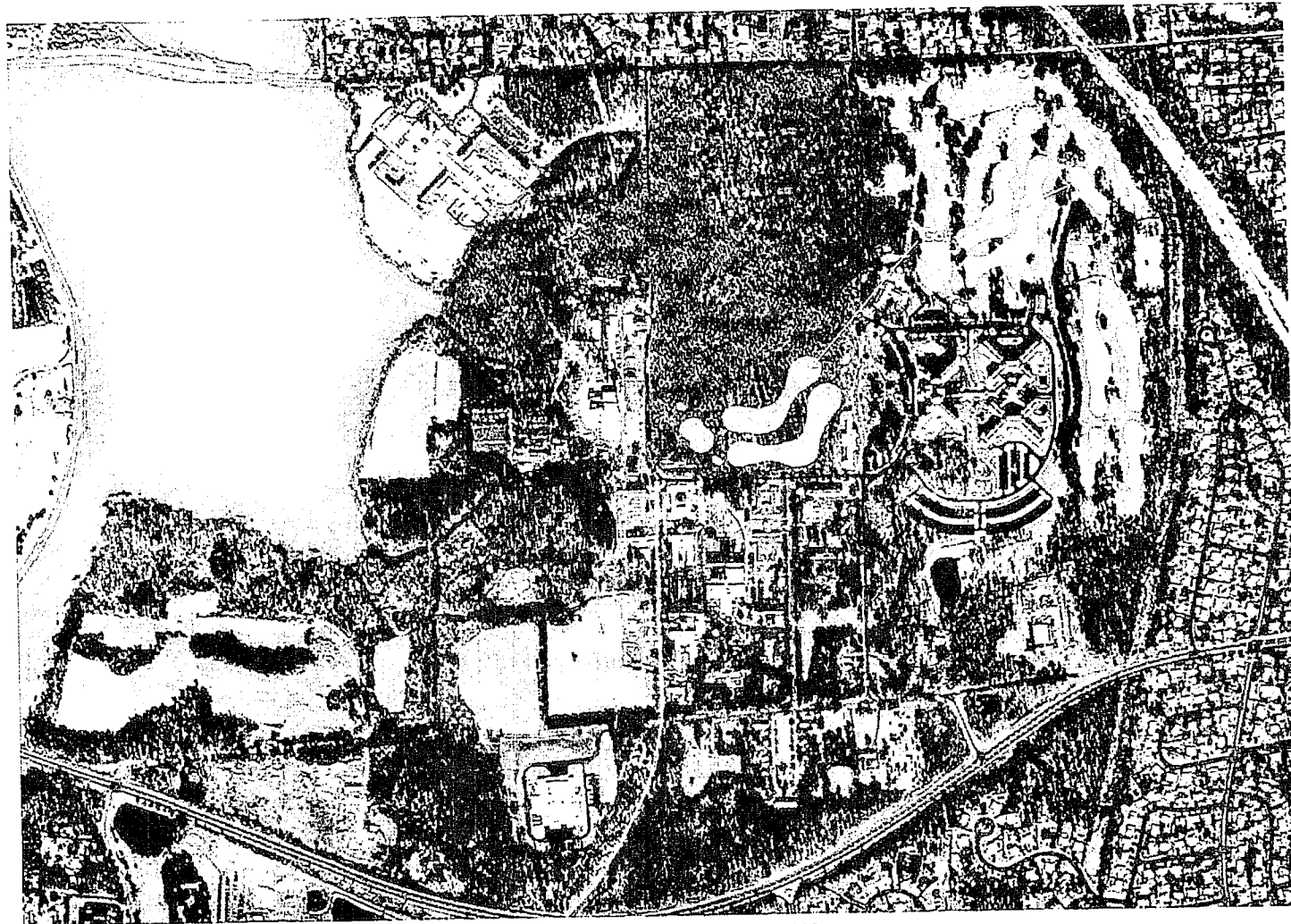
EXHIBIT "D"

PRELIMINARY GOLF COURSE CONCEPTUAL PLAN

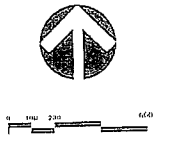
Golf Course Design Parameters

1. There will be a municipal daily fee for 9 hole golf course
2. Designed by Eric Bergstol, constructed under the supervision of Eric Bergstol and his staff at Empire Golf Management
3. The course will be a Par 35 design
4. Current land plan sketch anticipates a course layout with the following scorecard:
 1. 2 par 5's
 2. 3 par 3's
 3. 4 par 4's
5. The course will be constructed with a fully modern irrigation system. The water supply source (and pumps if required) will be supplied by The Town.
6. Tees, greens and fairways to consist of bent grass varieties.
7. Tees and greens to be constructed with proper under drains.
8. Course is intended to start and finish in close proximity to clubhouse.
9. No driving range/practice facility is currently planned.
10. Storm water management from the adjacent residential development is intended to be incorporated into the course design.
11. Course to be turned over to the Town of Orangetown to operate upon receipt of a TCO for the golf course.

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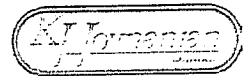


PROPOSED GOLF COURSE SITE PLAN



FOUR SEASONS AT ORANGETOWN

K Hovnanian, Edison, New Jersey
July 11, 2007





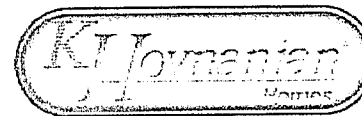
Rendering

Four Seasons at Orangetown

K. Hovnanian Companies Northeast, Inc. • Edison, New Jersey

03.04031.01 • January 3, 2006

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Internet: www.lrk.com

Memphis Nashville Princeton Celebration
Architecture • Planning • Interiors • Research



Perspective Rendering

Four Seasons at Orangetown

K Hovnanian • Edison, New Jersey

03.04031.01 • April 6, 2006



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Perspective Rendering

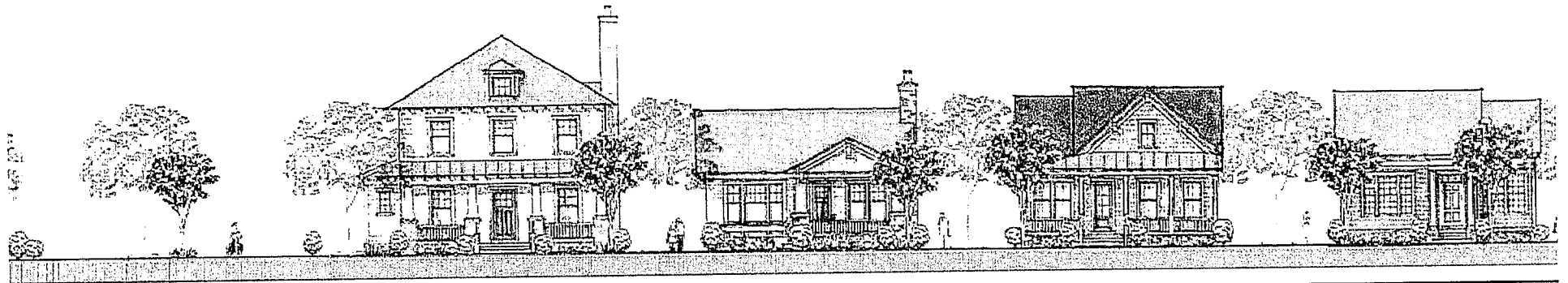
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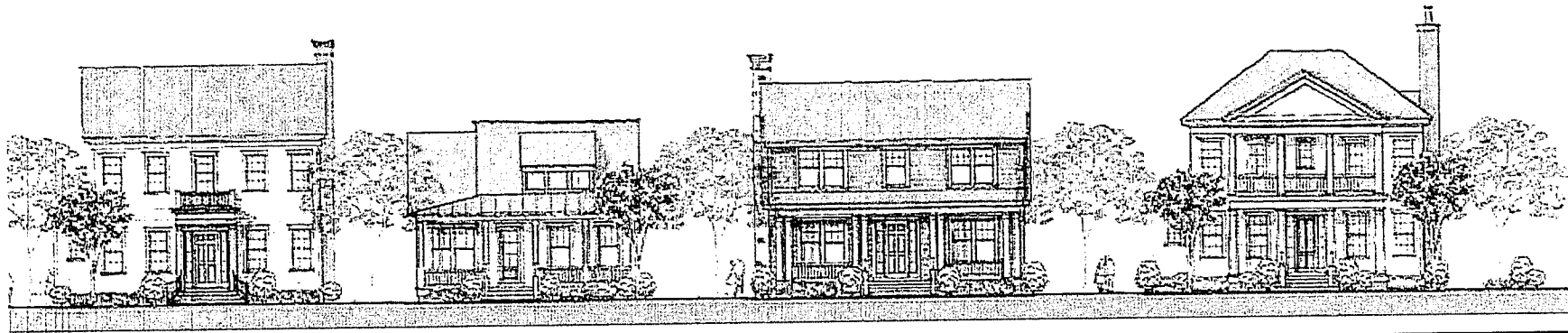
Cottages - Streetscape Elevation



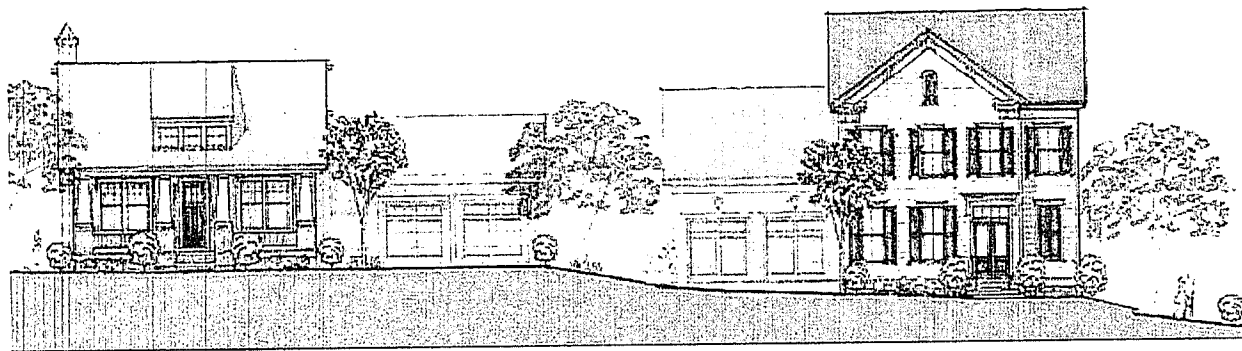
Village Homes - Streetscape Elevation

Streetscapes

Four Seasons at Orangetown
K Hovnanian • Edison, New Jersey
03.04.031.01 • April 6, 2006



3/16" = 1'-0"

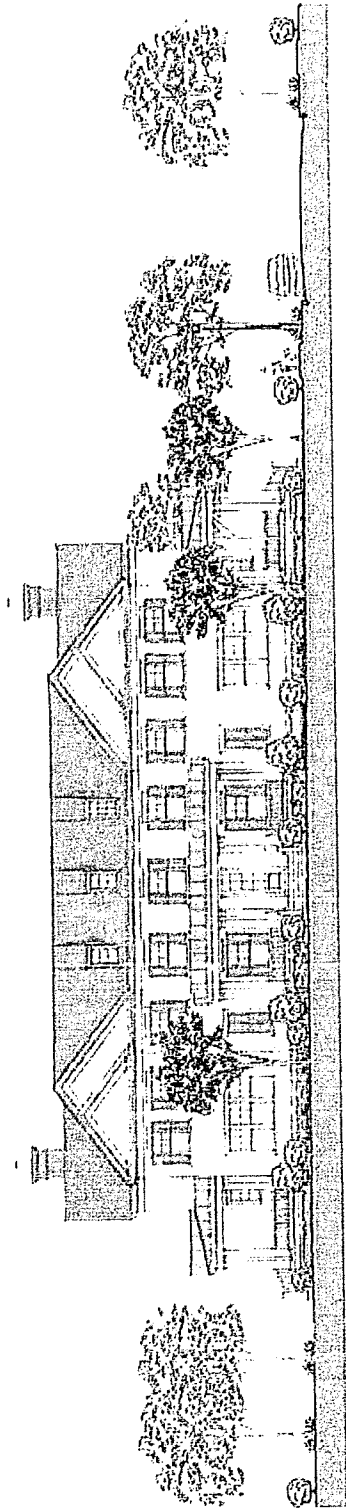


3/16" = 1'-0"

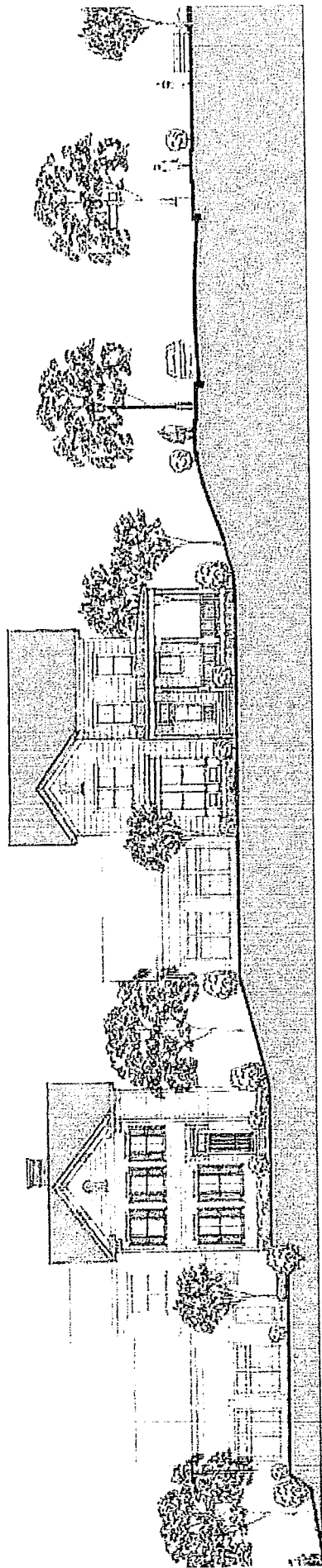


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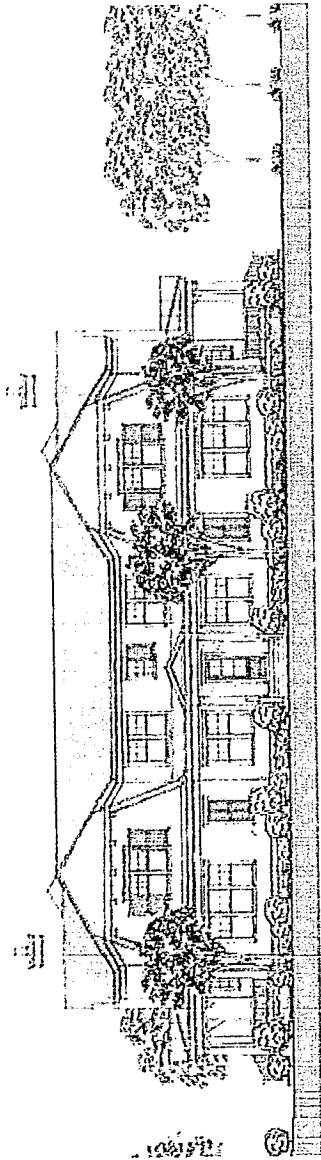
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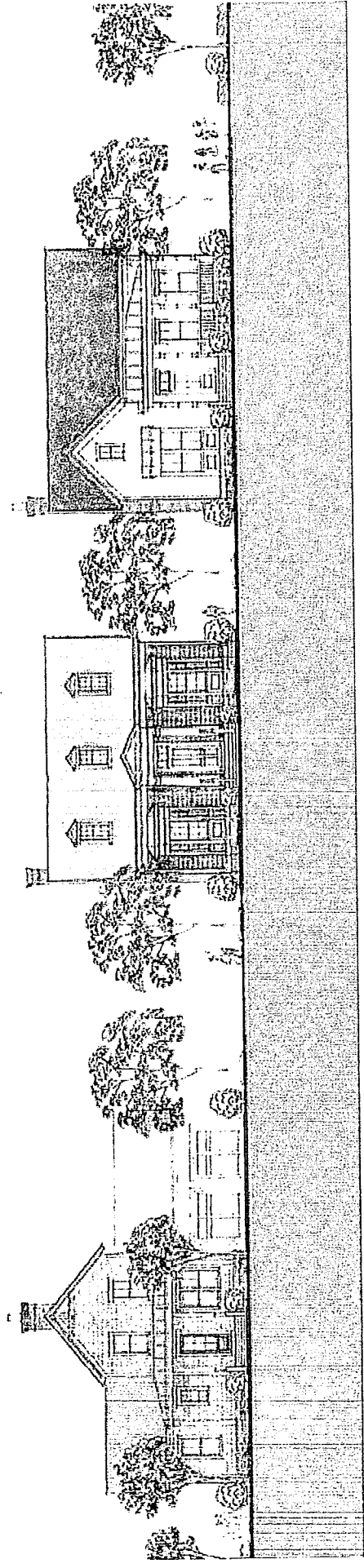
Townhomes - Streetscape Elevation



Cottages and Villages - Streetscape Elevation



3/16" = 1'-0"



3/16" = 1'-0"

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EXHIBIT "F"

SHORT FORM AGREEMENT

MEMORANDUM OF AGREEMENT

TO WHOM IT MAY CONCERN:

A Contract of Purchase and Sale (the "Agreement of Sale") was entered into on _____, 2007 for the sale and purchase of the Property described in Exhibit A attached hereto, by and between:

SELLER: Town of Orangetown
Town Hall
26 Orangeburg Road
Orangeburg, NY 10962

BUYER: K. Hovnanian _____ Acquisitions, L.L.C.
110 Fieldcrest Avenue, CN 7825
Edison, NJ 08801-7825

REAL PROPERTY: Located in the Town of Orangetown, County of Rockland, State of New York identified as Tax Block _____, Lot _____, as described in Exhibit A attached hereto ("the Property")

SUMMARY OF TERMS: For good and valuable consideration as set forth in the Agreement of Sale, Seller agrees to convey title to the Property to Buyer, and Buyer agrees to purchase the Property from the Seller, in accordance with the terms set forth in the Agreement of Sale. The Agreement of Sale is binding upon the parties and their respective heirs, executors, administrators, successors and assigns.

NOTICE: Is hereby given of certain post-closing obligations of Buyer including such incidental public improvements such as realignment and renovation of Broadacres Golf Course, construction of certain Volunteer Housing and development of a network of Walking Trails; such obligations to be binding upon any successors, successors in interest or assigns of Buyer.

This Short Form Agreement constitutes notice of the existence of the Agreement of Sale and does not purport to alter or amend said Agreement, or set forth fully the respective rights of the parties in the Property.

BUYER:
K. Hovnanian Companies of New York, Inc.

By: _____
Name:
Title:

SELLER:
Town of Orangetown

By: _____
Name:
Title:

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

On the ____ day of _____ in the year 2007, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On the ____ day of _____ in the year 2007, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT "G"

CANCELLATION OF SHORT FORM AGREEMENT

TO WHOM IT MAY CONCERN:

On _____, 2007, a Contract of Purchase and Sale (the "Agreement of Sale") was entered into for the sale and purchase of the real Property described in Exhibit A, by and between:

SELLER: Town of Orangetown
Town Hall
26 Orangeburg Road
Orangeburg, NY 10962

BUYER: K. Hovnanian _____ Acquisitions, L.L.C.
110 Fieldcrest Avenue, CN 7825
Edison, NJ 08801-7825

REAL PROPERTY: Located in the Town of Orangetown, County of Rockland, State of New York identified as Tax Block _____, Lot _____ as described in Exhibit A attached hereto.

SUMMARY OF TERMS: A Short Form Agreement was previously executed and recorded by the parties. The Short Form Agreement was dated _____, 2007 and was recorded in the _____ County Clerk's Office on _____ 2007, in Deed Book No. _____ at Page _____ et seq. The Agreement of Sale provided by its terms that the Short Form Agreement was to be canceled and released upon certain conditions. The conditions set forth in the Agreement of Sale, authorizing the recording of this Cancellation of Short Form Agreement have been satisfied.

CANCELLATION: By virtue hereof, the Short Form Agreement is hereby terminated, canceled and revoked as if such Short Form Agreement were never recorded.

BUYER:
K. Hovnanian Companies of New York, Inc.

By: _____
Name:
Title:

SELLER:
Town of Orangetown

By: _____
Name:
Title:

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

On the ____ day of _____ in the year 2007, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On the ____ day of _____ in the year 2007, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

Exhibit H
Inventory

Inventory (if any) to be completed prior to closing.

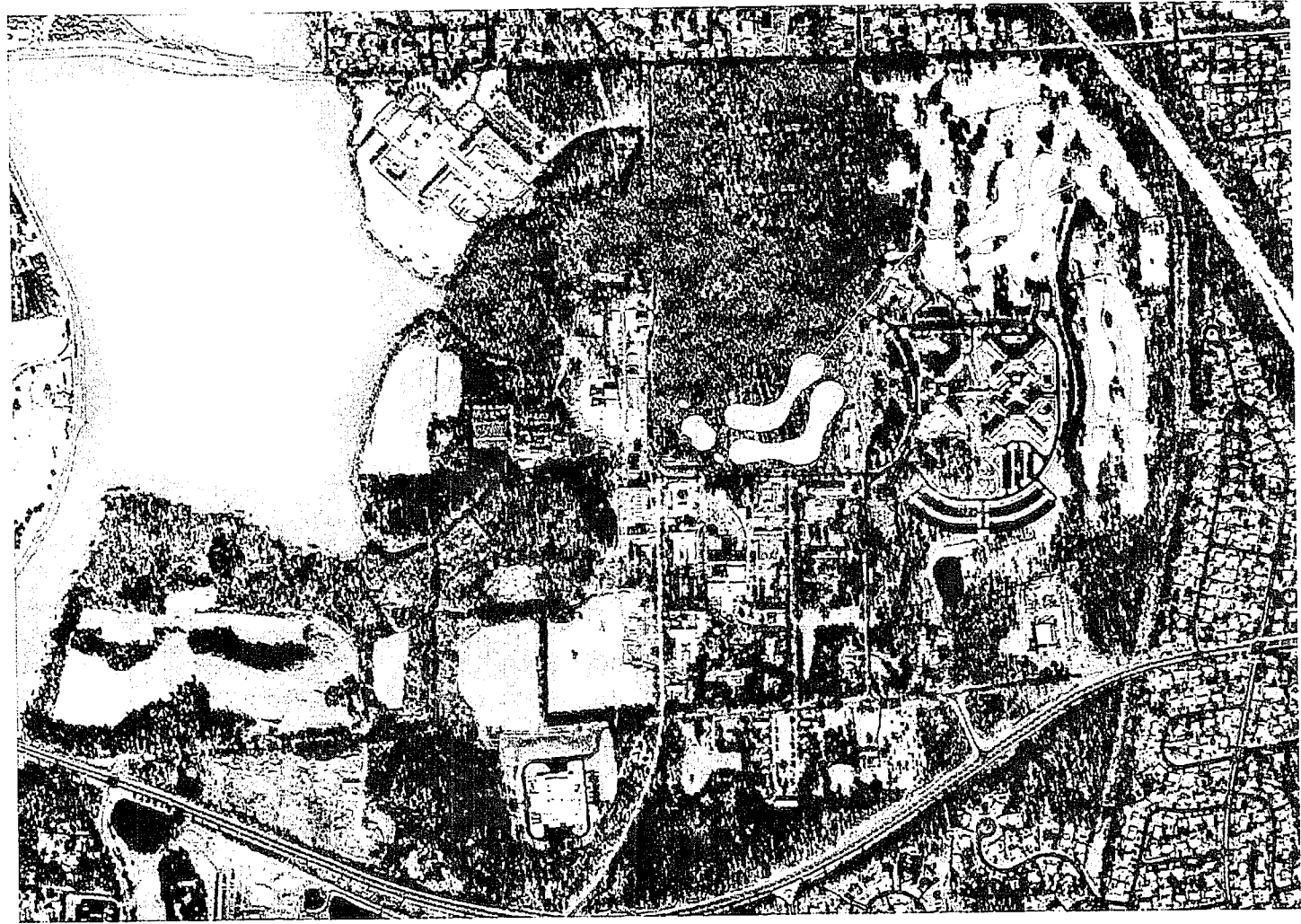
EXHIBIT D

PRELIMINARY GOLF COURSE CONCEPT PLAN

Golf Course Design Parameters

1. There will be a municipal daily fee for 9 hole golf course
2. Designed by Eric Bergstol, constructed under the supervision of Eric Bergstol and his staff at Empire Golf Management
3. The course will be a Par 35 design
4. Current land plan sketch anticipates a course layout with the following scorecard:
 1. 2 par 5's
 2. 3 par 3's
 3. 4 par 4's
5. The course will be constructed with a fully modern irrigation system. The water supply source (and pumps if required) will be supplied by The Town.
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7. Tees and greens to be constructed with proper under drains.
8. Course is intended to start and finish in close proximity to clubhouse.
9. No driving range/practice facility is currently planned.
10. Storm water management from the adjacent residential development is intended to be incorporated into the course design.
11. Course to be turned over to the Town of Orangetown to operate upon receipt of a TCO for the golf course.

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PROPOSED GOLF COURSE SITE PLAN



FOUR SEASONS AT ORANGETOWN

K Hovnanian, Edison, New Jersey
July 11, 2007

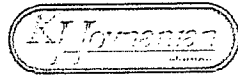


EXHIBIT E

SEQRA SCHEDULE

SEQR Schedule for RPC Zoning and Generic EIS

Prepare Zoning Amendment to Town Code

Declare Intent to Become Lead Agency

Make Lead Agency Determination, Make Positive Declaration, Set Scoping Date

Hold Scoping Session

Adopt Scope

Submit Preliminary DGEIS

Accept DGEIS

Circulate DGEIS, hold Public Hearing

Prepare and Accept FGEIS

Adopt Findings, Adopt Zoning

EXHIBIT F

FEE SCHEDULE

RPC Proposal
Term Sheet – August 23, 2006

TOWN OF ORANGETOWN CONSTRUCTION FEES

BUILDING

Building Permit	\$100.00 for first \$1,000.00 and \$10.00 each additional \$1,000.00 of construction value
Sign Permit	\$ 125.00
Demolition Permit	\$. 125.00
Temporary C.O.	\$ 100.00
Use C.O.	\$ 100.00
Tank Removal	\$ 100.00
6-month Extension	\$ 100.00
Renewal of permit (ONLY Final Inspection needed)	\$ 100.00
Outdoor Dining Permit	\$ 100.00
Sidewalk Dining Permit	\$ 100.00
Permit renewal prior to Expiration (6-month Extension of permit)	\$ 100.00 or 10% of original (whichever is greater)
Violation Search	\$ 125.00 (Covers complete request)
Copy of Certificate of Occupancy	\$ 25.00 (Individual requests)

ARCHITECTURE & COMMUNITY APPEARANCE BOARD OF REVIEW

Residential Site Plans	\$ 125.00
Commercial Site Plans	\$ 300.00
Subdivision Plans	\$ 300.00
Signs	\$ 50.00
Other	\$ 50.00

PLANNING BOARD

Consultation	\$ 100.00
<u>Subdivision Review</u>	
Pre-preliminary	
Minor	\$ 50.00
Major	\$ 100.00+\$50.00 per new lot
Preliminary	
Minor/Major	\$ 100.00+\$70.00 per new lot
Final	
Minor/Major	\$ 100.00+\$80.00 per new lot
<u>Site Plan Review</u>	
Pre-preliminary/Preliminary/Final Residential	\$150+\$25.00 for each dwelling
Pre-preliminary/Preliminary/Final Non-residential	\$150.00+\$25.00 for every 2000 sq.ft. of floor space
Consultation/Other	\$ 100.00
<u>Escrow Amount for Drainage Review</u>	
Minor Subdivision	\$1,000.00
Major Subdivision	\$1,500.00 +\$100.00/lot over 10 lots
Commercial Site Plan	\$1,500.00+\$200.00/acre over 2 acres
Residential Site Plan (in CEA)	\$ 650.00
Commercial Sub-division	\$1,000.00
(involving exterior changes that may affect drainage)	

RPC Proposal
Term Sheet – August 23, 2006

ZONING BOARD OF APPEALS

Variance

Residential District	\$ 100.00
Other	\$ 150.00

Special Permit

Residential District	\$ 100.00
Other	\$ 200.00
Performance Standards	\$ 200.00
All Other Applications	\$ 100.00

ROAD OPENING FEES

GIS Fee	\$ 10.00
Application Fee	\$ 50.00
Shoulder	\$ 200.00
Half a Road	\$ 300.00
Whole Road	\$ 500.00
Per Inspection	\$ 25.00

(work involving sidewalks will be charged an additional \$12. per sq. ft. as escrow)

DRIVEWAY PERMITS/ROAD CONNECTION

GIS Fee	\$ 10.00
Application Fee	\$ 50.00
(Includes 1st Inspection. Additional Inspections will be billed)	\$ 25.00 Non-refundable

ROAD HAULING PERMITS

Application Fee	\$ 50.00
Per month per vehicle	\$ 50.00
Six months per vehicle	\$ 100.00
One year per vehicle	\$ 150.00

SEWER FEES

Permit Fees	\$ 200.00 per unit
Inspection Fee for connections	\$ 150.00 per connection

INFRASTRUCTURE FEES

3% Inspection Fee on construction value of roads, drainage improvements, sewer lines, pumping station
Note: 3% Inspection Fee may also be applicable to the golf course, pool and restaurant, if they are built for the Town's ownership.

SUBDIVISION TRUST FUND/FEE IN LIEU OF LAND

Per lot or per housing unit (3 or more bedrooms)	\$9,000.00
*Single Family House	
Per lot or housing unit for two bedroom units	\$6,300.00
Per housing unit for one bedroom units	\$4,200.00

STATE ENVIRONMENTAL REVIEW QUALITY ACT

Fees per State statute
Consultant Cost

EXHIBIT G

SHORT FORM AGREEMENT
MEMORANDUM OF AGREEMENT

TO WHOM IT MAY CONCERN:

A Development Agreement (the "Agreement") was entered into on _____, 2007, in connection with the contemplated development of Property described in Exhibit A attached hereto, by and between:

SELLER: Town of Orangetown
Town Hall
26 Orangeburg Road
Orangeburg, NY 10962

BUYER: K. Hovnanian Companies of New York, Inc.
110 Fieldcrest Avenue, CN 7825
Edison, NJ 08801-7825

REAL PROPERTY: Located in the Town of Orangetown, County of Rockland, State of New York identified as Tax Block _____, Lot _____, as described in Exhibit A attached hereto ("the Property").

This Short Form Agreement constitutes notice of the existence of the Agreement of Sale and does not purport to alter or amend said Agreement, or set forth fully the respective rights of the parties in the Property.

BUYER:
K. Hovnanian Companies of New York, Inc.

By: _____
Name:
Title:

SELLER:
Town of Orangetown

By: _____
Name:
Title:

EXHIBIT H

CANCELLATION OF SHORT FORM AGREEMENT

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Town Hall
26 Orangeburg Road
Orangeburg, NY 10962

BUYER: K. Hovnanian Companies of New York, Inc.
110 Fieldcrest Avenue, CN 7825
Edison, NJ 08801-7825

REAL PROPERTY: Located in the Town of Orangetown, County of Rockland, State of New York identified as Tax Block _____, Lot _____ as described in Exhibit A attached hereto.

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CANCELLATION: By virtue hereof, the Short Form Agreement is hereby terminated, canceled and revoked as if such Short Form Agreement were never recorded.

BUYER:
K. Hovnanian Companies of New York, Inc.

By: _____
Name:
Title:

SELLER:
Town of Orangetown

By: _____
Name:
Title: