SUBCONTRACTOR AGREEMENT

Agreement made this 28TH day of DECEMBER, 1995 between

K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION, III, INC.
Attn: Steve Sky
65 Jackson Drive
P.O. Box 1191
Cranford, NJ 07016-1191 (hereinafter called Developer) and:

CONTOUR CONTRACTORS, INC.
Attn: BOB SIERBINSKI
447 ROUTE 10 EAST SUITE 7
RANDOLPH, NJ 07869 (hereinafter called Prime Subcontractor).

WORK OR TRADE TO BE PERFORMED: PAVING

PRIME SUBCONTRACTOR INFORMATION

ON SITE REPRESENTATIVE: BOB SIERBINSKI

BUSINESS PHONE: (201)989-0018

EMERGENCY PHONE: _____

FEDERAL I.D. NUMBER: 22-3351968

VENDOR NUMBER: C2620

JOB LOCATION: 71 WICKLIFFE STREET NEWARK ., NJ 07103

SOCIETY HILL @ UNIVERSITY HEIGHTS, III

In consideration of the promises, covenants, terms and conditions set forth herein, the Contractor and Prime Subcontractor agree as follows:

1. GENERAL

Prime Subcontractor agrees to furnish, in accordance with the terms and conditions of this contract, all labor, materials and equipment in order to complete, in a first-class, workmanlike manner, the work set forth in Schedule A attached hereto and made a part hereof. Such work shall be performed in accordance with the plans and specifications set forth in Schedule B attached hereto and made a part hereof. NO DEVIATION FROM THE PLANS AND SPECIFICATIONS AFORESAID SHALL BE ALLOWED WITHOUT THE WRITTEN AUTHORIZATION OF THE CONTRACTOR AS EVIDENCED BY A WRITTEN AMENDMENT TO THIS AGREEMENT.Details of the work which are not specifically covered herein or on the plans and specifications, but which are reasonably implied or are normally considered part of the job for that trade shall not be limited to the plans and specifications and shall be furnished at no extra cost as though it were specifically shown and mentioned in both the plans and specifications. In the event of discrepancies on the plans, written dimensions shall govern over scaled dimensions.

Prime Subcontractor represents that they have examined the drawings, specifications and model units, if applicable, and are familiar with all aspects thereof, including their relation to the specified work of the Prime Subcontractor described herein.

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2. START WORK

Prime Subcontractor shall commence the work agreed to hereunder within two (2) days of receipt of written notice to proceed from the Contractor. Time is of the essence in this Agreement. By executing this Agreement, Prime Subcontractor confirms that the completion date set forth in the "Master Schedule" is a reasonable period for performing the work.

3. MANPOWER TO COMPLY WITH MASTER SCHEDULE

Prime Subcontractor agrees to supply sufficient and competent manpower to pursue the work required hereunder in a diligent manner so as to complete the work required hereunder within the time frame of the Contractor's "Master Schedule" which shall be posted in the Contractor's construction trailer and shall govern the sequencing and scheduling of all work performed on the project. Contractor reserves the right to modify the "Master Schedule" from time to time to conform to accelerations, delays, suspensions, variances or other needs of the project and the Prime Subcontractor shall accelerate or vary its performance and/or sequencing of the work accordingly or as directed by Contractor, without compensation to the Prime Subcontractor, except for an extension of time to complete the work for a period equal to the delay, suspension or variance, if any. Contractor may demand that the Prime Subcontractor work overtime at no additional cost to Contractor, if Contractor determines that such work is necessary because the Prime Subcontractor's work is behind schedule. In the event the Contractor determines the Prime Subcontractor's work is behind schedule, Contractor shall have the further option of awarding all or a portion of the work to others and charge the cost of same to the Prime Subcontractor. If the Prime Subcontractor is delayed through no fault of its own, it shall within 24 hours of the commencement of the condition causing the delay so advise the Contractor in writing. The Contractor may grant Prime Subcontractor an extension of time for such reasonable time Contractor determines Prime Subcontractor was delayed through no fault of its own. An extension of time is the Prime Subcontractor's sole and exclusive remedy for delay. Prime Subcontractor shall make no claim for and is not entitled to any damages due to delay. Failure to comply with the "Master Schedule" or Contractor's directives relating thereto shall be considered a breach of this Agreement. The Prime Subcontractor shall not hinder or delay other subcontractors at the site. The Prime Subcontractor shall hold harmless and indemnify the Contractor and pay all damages to all other subcontractors caused by the acts, omissions, interferences or delays of the Prime Subcontractor. If the Prime Subcontractor delays the work causing damages to the Contractor, the Prime Subcontractor shall reimburse the Contractor for all such damages. Any assent by the Contractor to the delayed completion of the work shall not be construed as a waiver by the Contractor of the obligations of the Prime Subcontractor to make good all damages caused by its delay. Weekly/bi-weekly meetings will be held in the field and attendance from Prime Subcontractor's On Site Representative is mandatory. Contractor also reserves the right to require a principal of Prime Subcontractor to attend these meetings. Any and all safety related concerns, problems or ideas as well as weekly progress shall be discussed at this meeting held with the Prime Subcontractor's On Site Representative and run by Contractor's Representative. Advance notice shall be given to the Prime Subcontractor's On Site Representative informing him of the time, date and location of the weekly/bi-weekly progress meetings so Prime Subcontractor can attend.

4. SUPERVISION AND COORDINATION

Prime Subcontractor's On Site Representative shall be present on the site at all times that Prime Subcontractor has employees on the site for the purpose of supervising their work, making decisions on behalf of the Prime Subcontractor and to coordinate Prime Subcontractor's work so as to eliminate or minimize interference with the work of other subcontractors working on the site. Prime Subcontractor recognizes the need for cooperation in scheduling the various component parts of the project and to that end agrees to coordinate its work with all other stages of, and other subcontractors on, the project as required. Should coordination problems arise, Prime Subcontractor's Representative shall immediately notify the Contractor who shall resolve the coordination problem. Contractor's decisions in this regard shall be binding on the Prime Subcontractor. If Prime Subcontractor's work is delayed or damaged by another subcontractor's interference, act or omission, Prime Subcontractor shall look solely to such other subcontractor for redress and not to the Contractor.

5. QUALITY OF MATERIAL AND DEFECTS

5. Prime Subcontractor agrees that all materials and equipment furnished and installed shall be new unless otherwise specified, free from faults and defects, in conformance with the plans and specifications and must comply with the applicable construction codes of the local, state or federal agencies having jurisdiction. All materials and equipment shall be installed, applied, connected, operated, cleaned and conditioned as directed by manufacturer. All labor and installation shall be performed in the best and most workmanlike manner and consistent with the quality standards required by Contractor and/or industry standards, by mechanics skilled in their respective trades. All materials, equipment, labor or installation not conforming to the requirements hereof shall be considered defective. In the event of defective materials, equipment, labor or installation, Prime Subcontractor agrees to correct such defect immediately upon receipt of written notice from the Contractor. If, after 24 hours from the Prime Subcontractor's receipt of written notice from the Contractor, Prime Subcontractor has not corrected such defect, then Contractor may, without prejudicing or limiting any other remedy it may have, correct such defect and deduct the cost thereof from any payments then or thereafter due the Prime Subcontractor from Contractor.

6. INDEMNITY AND INSURANCE

(A) Prime Subcontractor shall secure and maintain for the duration of the contract such insurance as will protect it from claims under the Worker's Compensation Statute for the state in which the work is located and from such claims for bodily injury, death or property damage as may arise in the performance of Prime Subcontractor's services under this Agreement, such coverage to be equal or greater than the minimum limits hereinafter set forth.

(B) The Prime Subcontractor hereby agrees to assume the entire responsibility and liability for any and all injuries or death of any and all persons and any and all losses or damage to property caused by or resulting from or arising out of any act, neglect or negligence, omission or agreement on the part of the Prime Subcontractor, its agents, officers, employees, subcontractors or servants in connection with this Agreement or with the prosecution of the work hereunder, whether covered by the insurance specified herein or not. Prime Subcontractor shall indemnify, defend and save harmless the Contractor, its agents, officers, employees, affiliated entities (including but not limited to condominium associations established by Contractor and its trustees and members) from any and all claims, losses, damages, fines or penalties, legal suits or actions including reasonable attorney's fees, expenses and costs which may arise out of any and all such claims, losses, damages, legal suits or actions for the injuries, deaths, losses and/or damages to persons or property.

(C) Should any Court be called upon to interpret the following paragraphs regarding indemnification and/or insurance protection, it is hereby specifically stated to be the intention of the parties hereto to have these terms interpreted in the broadest legally permissible fashion in favor of the Contractor, and in such a way as to provide the Contractor with the greatest possible protection. It is anticipated by the parties that this protection will be provided by the purchasing of appropriate insurance. Without any limitation to the obligations set forth in subparagraph 6(B), Prime Subcontractor further agrees that Prime Subcontractor's indemnification to Contractor hereunder shall extend to and include any imputed or vicarious liability of Contractor arising from any acts, negligence, omission or agreement of Prime Subcontractor. By way of example, and not of limitation, if any acts, negligence, omission or agreement on the part of the Prime Subcontractor, its agents, officers, employees, subcontractors or servants in connection with this Agreement or with the prosecution of the work hereunder or otherwise causes or operates as a violation of the Federal Occupational Safety and Health Act 29 U.S.C. 651 et seq. ("OSHA") or similar or related laws, rules, regulations, codes, standards or requirements (regardless of whether the Contractor, the Prime Subcontractor or others either jointly or severally are named as parties in any suit or proceeding relating thereto or actually receive a citation, summons, complaint, fine, violation or notice of violation for same, etc.), Prime Subcontractor shall indemnify, defend and save harmless the Contractor, its agents, officers, employees, or affiliated entities (including but not limited to condominium associations established by Contractor and its trustees and members) from any and all claims, losses, damages, fines or penalties, legal suits or actions including reasonable attorney's fees, expenses and costs which may be brought relative thereto be they for injuries, deaths, losses or damages to persons or property or be they related to or in any way involving claims based on or arising from actual or alleged violations of OSHA or similar or related laws, codes, standards, regulations, rules or requirements with which Contractor becomes directly or indirectly involved. This indemnity from Prime Subcontractor shall extend to and include, but shall not be limited to, matters as to which Prime Subcontractor and Contractor each may be alleged to be or found jointly, severally or concurrently liable for negligence or other fault or liability arising from the same incident, accident or state of facts. In such case, Prime Subcontractor will indemnify Contractor for its negligence, as well as pay attorney's fees and expenses. However, this indemnity from Prime Subcontractor to Contractor shall not be construed to extend to or include claims, losses, damages or expenses of any kind arising from the sole negligence of Contractor.

(D) Prime Subcontractor shall assume and defend, at its sole expense, any suit, claim or legal or other proceedings for which indemnity is hereby required, with legal counsel subject to approval by Contractor.

MINIMUM LIMITS OF INSURANCE COVERAGE

Worker's Compensation:	Statutory Per State Requirement
Comprehensive General Liability (Incl. contractual liability):	$1,000,000 Combined Single Limit (CSL)
Automobile Liability:	$500,000 Combined Single Limit (CSL)

Not less than three (3) days prior to commencing work, the Prime Subcontractor shall deliver to Contractor, at the address shown on the first page hereof, an insurance certificate naming "K. Hovnanian Developments of North Jersey, Inc., its subsidiaries and affiliated companies" as an "additional insured" (not a certificate holder) evidencing the above specified coverages. All insurance required to be obtained and actually secured by Prime Subcontractor herein is agreed to be primary, not excess or concurrent, any insurance policy clause notwithstanding. Prime Subcontractor's failure to timely provide the required insurance certificates shall not be construed as a waiver of the insurance required by this Agreement. The insurance certificates shall additionally waive the carriers' rights of subrogation as to the Contractor, and shall provide that the insurance coverage willnot be decreased, changed, terminated or cancelled without ninety (90) days prior written notice to Contractor. It shall be the Prime Subcontractor's responsibility to renew insurance certificates as they expire and to deliver a copy of the renewal certificate to Contractor at least ten (10) days prior to their expiration. Failure to maintain insurance coverage in accordance herewith shall constitute a breach of the Agreement and shall entitle Contractor to withhold payments required hereunder or to suspend or terminate Prime Subcontractor.

7. SAFETY PRECAUTIONS

The Prime Subcontractor shall be responsible during its performance of the work required herein, for initiating, maintaining and supervising all safety precautions and programs required so as to prevent injury to all persons, property and the work. Prime Subcontractor shall be responsible for protecting against damage, injury or loss to:

1. All persons involved in the work and all other persons who may be in any way affected thereby; and

2. Allthe work, along with all materials and equipment to be incorporated in the work or utilized in the performance of the work whether in storage, on or off the site, under the care, custody or control of the Prime Subcontractor or any of its subcontractors, employees or other agents and all work being performed by others; and

3. Other property of any type or description located at or adjacent to the site, including trees, shrubs, lawns, roadways, structures, and utilities not designed for removal, relocation or replacement in the course of construction either by the Prime Subcontractor or by others.

By execution hereof, Prime Subcontractor represents and warrants that Prime Subcontractor: (a) has previously instructed or immediately upon execution hereof will instruct each of Prime Subcontractor's employees who will perform work hereunder in the recognition of unsafe conditions, as required by 29 CFR Part 1926.21 (b)(2); (b) has previously instructed or immediately upon execution hereof will instruct each of Prime Subcontractor's employees who will perform work hereunder in the regulations of the United States Occupational Safety and Health Administration ("OSHA")applicable to the employee's work environment, as required by 29 CFR Part 1926.21(b)(2) and work to be performed hereunder by Prime Subcontractor; (c) has currently or immediately upon execution hereof will commence and implement an appropriate hazard communication program, including hazard communication training, as required by CFR 1926.59 including Material Safety Data Sheets (MSDS) requirements as well as the proper labelling of the containers of all materials having hazardous components; (d) is familiar with the OSHA standards applicable to Prime Subcontractor's work and shall comply therewith; (e) will continue to instruct and train new employees of Prime Subcontractor performing work under this Subcontract Agreement as to the above and any other applicable OSHA rules and regulations and requirements throughout the period of time the Prime Subcontractor is performing work under this Subcontract Agreement; (f) will require each of its subcontractors who willbe performing work on the subject project to supply to Prime Subcontractor a writing containing the same representations and warranties made above by Prime Subcontractor to evidence compliance by subcontractors with the obligations set forth above; and g) file a Safety Violation Report when applicable on the form provided by Contractor. Allwork to be performed by the Prime Subcontractor shall be in accordance with all applicable federal, state, and local laws, ordinances, codes, rules and requirements bearing on safety of persons or property or their protection from damage, injury or loss. Prime Subcontractor is solely responsible for same. **NO PERSON UNDER THE AGE OF 18 IS TO BE ALLOWED ON THE CONSTRUCTION SITE.** Prime Subcontractor shall post all necessary danger signs and other warnings against hazardous conditions existing, or which might exist on the work site. Prime Subcontractor shall exercise due care under the circumstances in handling and storing all materials and equipment necessary for execution of the work and shall not load any part of the work material or equipment in any manner which would endanger its safety or the safety of persons or property. Prime Subcontractor shall install or post all necessary barricades around excavations or obstructions exposed to public traffic or which otherwise present a danger and shall protect such excavations from cave-in or collapse. All scaffolds, platforms, temporary floors, ramps, ladders and all temporary structures necessary for performing the work will be erected and maintained by the Prime Subcontractor so as to prevent injury or damage to persons, property or the work. Prime Subcontractor hereby indemnifies and holds Contractor harmless for any and all

claims, demands, lawsuits, costs, judgements, losses and liabilities including reasonable attorney fees of the Contractor which in any way relates or is pertaining to breach of or negligence in performance of the work or the Prime Subcontractor's performance of duties required in this Paragraph or by law whether or not it is contended that the Contractor contributed thereto in whole or in part.

8. LABOR DISPUTES

The presence of picket lines of any kind or form or the occurrence of labor dispute or union activity of any nature shall not excuse the Prime Subcontractor of its obligation to perform the work required under this Agreement, including but not limited to the furnishing of all labor, materials and equipment as specified in the Agreement. Failure or refusal to perform said work for Contractor because of a labor dispute or union activity of any kind (whether or not the dispute relates to its Prime Subcontractor, the Contractor or a third party) shall result in the cancellation of this contract at the discretion of the Contractor without any prior notice to the Prime Subcontractor. Upon cancellation by the Contractor, the Prime Subcontractor shall be liable for all damages including consequential damages, including but not limited to, any additional expense incurred by Contractor to perform the work for the duration of any such labor dispute or union activity or in replacing Prime Subcontractor after cancellation of the contract by the Contractor or for loss of any revenue caused by Prime Subcontractor's failure or refusal to perform the work called for under this Agreement. Damages may be deducted by the Contractor from any monies due to Prime Subcontractor from Contractor at time of cancellation. Prime Subcontractor shall employ labor and purchase materials pursuant to terms and conditions that foster good and harmonious labor relations at the site.

9. PRIME SUBCONTRACTOR - SOLE EMPLOYER

It is understood and agreed that the Contractor and Prime Subcontractor are not joint employers. Employees, subcontractors, materialmen and suppliers of the Prime Subcontractor are, and remain, solely its employees or contractors. The Prime Subcontractor has the sole and exclusive right to hire, fire, supervise and direct its workforce; appoint supervisors or managerial personnel; set compensation and fringe benefits; establish wages, hours and working conditions; pay and remit all withholding taxes, Social Security, unemployment taxes and such other monies as may become payable as a result of an employer-employee relationship. No third party beneficiary relationship is created between those hired by the Prime Subcontractor and the Contractor.

10. GUARANTEE

Prime Subcontractor agrees that labor, materials, equipment and installation supplied pursuant to this Agreement shall be unconditionally guaranteed to the later of : (1) one year from the date of Contractor's payment for the labor, materials, equipment or installation provided or (2) one year from the date of Contractor's transfer of title of the property on which the work or installation was performed or material or equipment supplied to a bona fide purchaser for value in an arm's length transaction or (3) for the length of the manufacturer's warranty or (4) two (2) years from the date of Prime Subcontractor's completion of each of the common facilities within the complex Contractor is developing or (5) for the length of time Contractor extends guarantees to Buyers or (6) the expiration date of the applicable statute of limitations. In the event a defect in the improvements is discovered, whether resulting from faulty labor, workmanship, installation or defective equipment or materials, Prime Subcontractor shall be responsible for correcting said defect within five (5) days of notice of said defect and for damage resulting from said defect. Allmanufacturer's warranties are to be supplied to Contractor prior to payment. Payment is not evidence of acceptance of non-conforming or defective work.

11. EXTRAS

No extras will be allowed for any work unless Contractor and Prime Subcontractor agree in writing in advance of the performance of such extra work or the amount of work which willconstitute an extra and the total cost thereof, and no act, other than a writing, shall constitute a waiver of this requirement. Failure to agree in writing in accordance with this Paragraph that an item of work shall constitute an extra shall be conclusive in any action between the parties that the work so performed was intended to be within the scope of the work defined herein and does not constitute an extra. **ALL INVOICES FOR ALL EXTRA WORK SHALL BE SUBMITTED NO LATER THAN NINETY (90) DAYS AFTER WORK IS COMPLETED OR CONTRACTOR SHALL NOT BE OBLIGATED TO PAY FOR SUCH EXTRA WORK.** The issuance and/or performance of extra work shall not abrogate, vary, avoid or affect the terms of this Agreement or extend the time of completion, unless an extension of time is expressly requested by Prime Subcontractor and granted by Contractor in accordance with the provisions of this Agreement. When work is required to be done but the parties cannot agree whether it is extra work or contract work or cannot agree on the value of the work ordered to be done, the Prime Subcontractor shall perform the work without delay upon written order from the Contractor. If the Prime Subcontractor refuses or fails to

proceed, it shall be a material breach of this Agreement subjecting the Prime Subcontractor to being held in default whether or not the Prime Subcontractor is correct in its contentions, as the parties acknowledge that work on the site must not be delayed due to such a dispute. Prime Subcontractor shall maintain daily records signed by Contractor's Representative of the actual quantities of labor, material and equipment used by Prime Subcontractor in performing such disputed work. Failure to keep such records will result in a waiver of any claim for an extra for such work.

12. ACKNOWLEDGEMENTS

Prime Subcontractor has carefully examined the job site, plans and specifications before entering into the within Agreement. No allowance willbe made by Contractor for, and Prime Subcontractor will not assert a claim for, a unilateral or other mistake based upon lack of full knowledge of any and all conditions, regulations, inspections, building codes, etc. except as to such underground conditions that are indeterminable before commencement of work. Prime Subcontractor acknowledges that Contractor, in reliance upon the terms and conditions of the within Agreement, has sold to third parties, at fixed prices, the dwelling units being constructed on the subject job site. Prime Subcontractor further acknowledges that should Prime Subcontractor fail to adhere to the terms and conditions hereof, Contractor may suffer economic loss or business reputation loss for which Prime Subcontractor agrees to be liable to Contractor.

13. INSPECTIONS AND ACCEPTANCE

It shall be the responsibility of the Prime Subcontractor to schedule and pass all required inspections with the proper governmental authorities within the allotted time frame in Contractor's Master Schedule. Upon completion of each separate item of the work, Prime Subcontractor shall notify Contractor and the inspection authorities and request final inspection. Prime Subcontractor shall not proceed to the next level of work until required inspections have been made by Contractor and proper governmental authorities.

Prime Subcontractor's On Site Representative shall be present during all inspections by the governmental authorities. Prime Subcontractor will be responsible for paying all fines/reinspection fees resulting from failed governmental inspections. Prime Subcontractor shall be liable to Contractor for consequential damages resulting from the cover-up of damaged work.

14. PAYMENT AND PRICE

Purchase orders (white and yellow copies) may be issued to Prime Subcontractor at the time the work commences for contract items per the Schedule "A" Attachment to the Subcontract Agreement.

Prime Subcontractor, upon completion of the work and after an acceptable inspection by Contractor, willsign and date the purchase order in the space provided and submit the yellow copy of the purchase order to Contractor's Representative for approval. Prime Subcontractor, at his option, may attach to the yellow copy of the purchase order his invoice in which case the invoice number willbe printed on the check. Contractor's Representative willsubmit the purchase order to Contractor's Corporate Headquarters for payment.

The yellow copy of the purchase order is the only copy acceptable for submission for payment. Contractor willnot accept the white copy or photo copies of purchase orders. The white copy is for Prime Subcontractor's records.

In the event the work is not completed and the purchase order is to be partially paid, the purchase order will be adjusted by the Contractor's Representative and a new purchase order will be issued for the remaining amount.

Purchase orders willbe paid within thirty (30) days of the approved purchase order date, subject to the retention provision of this Agreement. Payment of purchase orders by Contractor shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

If purchase orders are not issued, Prime Subcontractor may submit an invoice for work performed. Prime Subcontractor must include Vendor Number, Function Number and Subfunction Number on all invoices submitted for payment. Invoices shall be paid within thirty (30) days of the approved invoice date. If work is **not** completed by the date of invoice, then Contractor has the right to hold invoice until work is completed and invoice willbe paid within thirty (30) days thereafter. Payment amounts shall be made in accordance with Schedule A subject however to the retention provision of this Agreement. Payment by Contractor shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

The prices quoted in Schedule A shall not be subject to change for a period **OF TWO YEARS** effective as of the date of this Agreement. After **one year**, this Agreement shall be automatically renewed on a month-to-month basis with all prices and conditions remaining unchanged.

Prime Subcontractor must provide Contractor with written notification forty-five (45) days prior to any price change. In the event the Prime Subcontractor and Contractor are unsuccessful in negotiating a price change and Prime Subcontractor subsequently withholds its services or fails to provide the necessary labor and/or materials in a timely manner, thereby interfering with the job progress, the Contractor may terminate this Agreement and apply any payment due then or thereafter to additional expenses incurred in securing the completion of work and material obligations of the Prime Subcontractor. Payments may be withheld by Contractor on account of (1) defective work not remedied, (2) claims filed by third parties including claims under the Construction Lien Law, (3) failure of the Prime Subcontractor to pay its obligations, (4) reasonable evidence that the work cannot be completed for the unpaid balance of the contract sum, (5) damage to the Contractor or another subcontractor, (6) reasonable evidence that the work willnot be completed within the contract time, (7) failure to carry out the work in accordance with the contract documents, (8) failure to submit a purchase order within ninety (90) days after work has been completed, or (9) anticipated costs relating to service repairs for which Prime Subcontractor is obligated under Paragraphs 10 and 25 of this Agreement. The final payment exclusive of retention shall be payable to the Prime Subcontractor after the work is completed and accepted and provided the work described in this Agreement is fully completed and performed in accordance with the contract documents and is satisfactory to the Contractor. Before final payment, the Prime Subcontractor shall deliver to the Contractor, on demand, duly executed releases extending to the Contractor from each creditor of the Prime Subcontractor and a similar release from the Prime Subcontractor to the Contractor. Payment by the Contractor to the Prime Subcontractor of the final payment and the acceptance of such payment by the Prime Subcontractor, shall constitute a release by the Prime Subcontractor of the Contractor of all things arising from or in breach of this Agreement, or resulting from the Prime Subcontractor's presence on the site, whether in contract, tort or otherwise, except any guarantee monies retained by the Contractor.

Before making any payment to the Prime Subcontractor, the Contractor shall have the right to request and receive from the Prime Subcontractor an affidavit stating in detail the unpaid obligations of the Prime Subcontractor in performing this Agreement, the names and addresses of creditors and the amounts due or to become due, and a statement of any condition causing the Prime Subcontractor to be delayed in the performance of its work.

Prime Subcontractor, without further request, written or oral, is hereby required and agrees to provide to Contractor at the time of each requisition for payment, an accurate and full list, verified under oath, of the names and addresses of all persons or entities providing services, labor, materials or equipment who may have a right to file a construction lien pursuant to the Construction Lien Law. Said list shall be in compliance with all of the provisions of the Construction Lien Law (P.L. 1993, c. 318, Section 37). Prime Subcontractor's failure to provide such a list in connection with its requisition for payment shall be cause for Contractor to reject Prime Subcontractor's requisition for payment.

The Prime Subcontractor shall deliver to the Contractor on demand, statements and invoices of all materials and equipment furnished, receipted bills showing full payment of all obligations, receipted and certified payrolls showing full payment to all employees of the Prime Subcontractor or its subcontractors of wages earned during the preceding payroll periods.

15. RETENTION

The Prime Subcontractor agrees to have **0%** withheld from his invoice payments, not to exceed **$ $0.00**, as partial assurance to Contractor of his performance hereunder. Upon the expiration of **N/A** years from the date of this Agreement, said retainage shall be paid over to Prime Subcontractor subject to reductions as allowed hereunder. Release of said retainage shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

16. TAXES (ST-8 FORM)

All Federal, State, County or Municipal sales, excise, payroll or other taxes required to be paid by law and all delivery costs are included in the contract sum and shall be paid by the Prime Subcontractor. Invoicing must show sales tax as a separate item on invoice, if applicable. In accordance with the ST-8 form attached for Prime Subcontractor's signature, Prime Subcontractor must certify that all sales and use taxes due will be paid by the Prime Subcontractor on purchases of materials incorporated or consumed in the performance of the Agreement described herein.

17. TERMINATION BY CONTRACTOR

If Prime Subcontractor (a) shall fail to commence the work within the time required by the provisions hereof: or (b) shall, after commencement of the work hereunder, at any time interrupt the continuous prosecution thereof for a period of more than two (2) business days; or (c) shall fail to supply sufficient manpower; or (d) shall fail to perform satisfactory workmanship; or (e) shall default in the performance of any covenant or condition hereunder, and shall fail to remedy such default within 24 hours from the time and date of written notice from Contractor, requesting compliance with the terms hereof; then, in such event, Contractor may terminate this Agreement by giving written notice to Prime Subcontractor; whereupon this Agreement shall be fully terminated and cancelled. In such event, Contractor shall proceed to complete or cause to be completed the work Prime Subcontractor was obligated to do hereunder, and Prime Subcontractor shall promptly pay to the Contractor upon written request thereof, the amount of any damages sustained by Contractor as a result of Prime Subcontractor's failure to so complete the work pursuant to this Agreement, including without limitation, all costs and expenses incurred by Contractor in connection with completing the work to the extent that such costs and expenses exceed the unpaid balance of the contract price specified in Schedule A hereto. Upon termination, Contractor, at its option, may use any and all materials, equipment or tools furnished by or belonging to the Prime Subcontractor to complete the work. Contractor, at its option, may take over any orders or subcontractors of the Prime Subcontractor which the Prime Subcontractor hereby assigns to the Contractor, upon termination of or taking over the work of the Prime Subcontractor in whole or in part.

The foregoing remedy shall be cumulative and not exclusive of any other remedies of Contractor at law or in equity. In the event Contractor institutes a lawsuit against Prime Subcontractor to recover damages caused by Prime Subcontractor's breach of this Agreement and a court of competent jurisdiction finds that Contractor is entitled to recover such damages against Prime Subcontractor, Prime Subcontractor shall also be responsible for Contractor's costs of litigation and Contractor's reasonable attorneys fees at both the trial and appellate levels.

Contractor may terminate this Agreement and command Prime Subcontractor to cease work for any reason or no reason whatsoever, upon thirty (30) days written notice. If such termination is for the convenience only of Contractor, and Prime Subcontractor is not then in default in the performance of any of the terms and conditions hereof, Prime Subcontractor shall be paid for its work completed to the date of termination subject, however, to the retention provisions of this Agreement and Prime Subcontractor shall remove its tools, equipment, personnel, debris and materials from the job site. In the event of such termination, Prime Subcontractor shall not be entitled to damages of any kind.

18. TERMINATION FOR CONVENIENCE OF PRIME SUBCONTRACTOR

Prime Subcontractor may terminate this contract by giving Contractor forty-five (45) days written notice of its desire to terminate. If, as of the date of such termination, Prime Subcontractor is not in default of its performance under this Agreement, Prime Subcontractor will be paid for its work completed to the date of termination subject, however, to the retention provisions of this Agreement.

19. TEMPORARY ON SITE STORAGE

The Contractor may, at its discretion, provide a temporary location for the Prime Subcontractor's use as a supply or storage area. Contractor takes no responsibility for Prime Subcontractor's goods, equipment, tools, materials or facilities, nor will Contractor provide utilities for Prime Subcontractor's use. Prime Subcontractor hereby agrees to indemnify and hold harmless the Contractor from any claims, losses, damages or expenses including reasonable attorney's fees and costs incurred in connection with the use of said supply or storage areas. Prime Subcontractor shall be responsible for maintaining its supply or storage area in a neat, safe and sanitary condition and shall vacate said supply or storage area upon ten (10) days written notice from Contractor. If the location of the supply area is changed by Contractor, Contractor will coordinate the movement of any of Prime Subcontractor's trailers located in the storage area and Prime Subcontractor shall reimburse Contractor for any expense associated therewith.

20. PROTECTIONS

The Prime Subcontractor shall see that no utility lines of any nature shall be cut, disconnected or disturbed without permission from the Contractor or the authority having jurisdiction. Prior to any digging or trenching, it shall be the Prime Subcontractor's responsibility to contact the underground location service of the utility and to notify the Contractor of Prime Subcontractor's intention to dig or trench. Prime Subcontractor shall indemnify, defend and hold harmless Contractor from any and all damages and claims including the costs of any suits or legal proceedings including attorney's fees arising from Prime Subcontractor's failure to comply with this provision.

21. CONTROL OF WORK

It is understood that the Contractor shall have the right, at any time including during the progress of construction, to make any alteration, additions or omissions that it may desire, to the work or material herein specified or shown on the plans and specifications. Such alterations, additions or omissions shall not be a basis for the termination of the within Agreement, but if such changes are made, the value of same must be agreed upon in writing between the Contractor and Prime Subcontractor.

Contractor reserves the right to delete from the Subcontract Agreement any portion of the work bid on and/or awarded and to make the appropriate price reduction.

22. MEASUREMENTS, ERRORS AND/OR OMISSIONS

The plans and specifications show the general features of the construction. Before proceeding with any of the work, the Prime Subcontractor shall carefully check all the plans and specifications and shall be responsible for notifying the Contractor of any conflicts, omissions or discrepancies contained herewith. The Contractor shall make the final decision as to the correct interpretation of the plans and specifications. If there is a conflict, omission or discrepancy in the plans and specifications that Prime Subcontractor fails to notify Contractor of prior to its commencement of work, Prime Subcontractor shall be responsible for all costs and repairs associated with correcting such conflict, omission or discrepancy.

23. JOB CONDITIONS

Each Prime Subcontractor shall be responsible for checking the buildings and site area prior to commencing work and for notifying the Contractor if any repairs are necessary or if areas are not ready for performance of this trade.

24. CUTTING AND PATCHING

The Prime Subcontractor shall do all cutting, fitting or patching of his work that may be required to make its several parts come together properly and fit it to receive or be received by other work shown, or reasonably implied, by the plans or specifications or required for the completed structure.

PRIME SUBCONTRACTOR SHALL NOT, WITHOUT THE WRITTEN CONSENT OF CONTRACTOR, REMOVE, ALTER, MODIFY OR CHANGE ANY STRUCTURAL COMPONENT OR EQUIPMENT AND/ OR INSTALLATION OF OTHER SUBCONTRACTORS. IN THE EVENT PRIME SUBCONTRACTOR SHALL REMOVE, ALTER, MODIFY OR CHANGE ANY STRUCTURAL COMPONENT OR EQUIPMENT AND/ OR INSTALLATION OF ANY OTHER SUBCONTRACTOR, PRIME SUBCONTRACTOR SHALL INDEMNIFY, DEFEND, REIMBURSE AND HOLD HARMLESS CONTRACTOR FOR ANY AND ALL INJURIES AND CLAIMS, WHETHER DIRECT OR CONSEQUENTIAL, RESULTING FROM SUCH NON-AUTHORIZED REMOVAL, ALTERATION, MODIFICATION OR CHANGE.

25. SERVICE REPAIRS

The Prime Subcontractor is responsible for all service repairs connected with its work, whether the repairs were occasioned by the Prime Subcontractor's work or the work of others. He will be notified in writing of such repairs by means of a service repair ticket. When the repair is made and completed, Prime Subcontractor shall obtain the signature of the homeowner or Contractor's representative on the service repair ticket and forward this ticket to the Service Department. If the repairs were due to or caused by the work of others, Contractor agrees to compensate the Prime Subcontractor as Prime Subcontractor and Contractor may agree in accordance with the unit prices established by this Agreement.

All service repairs must be completed within 24 hours of notification or the Contractor, at his option, will request the repair to be made by others and charge this Prime Subcontractor for the cost of the work and coordination.

26. EMERGENCY SERVICE REPAIRS

Prime Subcontractor shall establish an emergency repair telephone number which shall be manned on a 24 hour, seven day a week basis. This emergency number will be given to the Buyers of the dwelling units upon which the Prime Subcontractor has performed the work pursuant to this Agreement. Within 24 hours of being notified of an emergency, health or safety situation the Prime Subcontractor shall take appropriate steps to remedy the emergency. What comprises an emergency, health or safety situation, cannot be adequately defined and will therefore be reviewed on a case by case

basis. If Prime Subcontractor fails to take any appropriate action, Contractor, at its option, will request the repair to be made by others and, if necessary, use Prime Subcontractor's on-site materials for said repair, and charge the Prime Subcontractor for the reasonable cost of the work performed.

27. RECORDATION

Prime Subcontractor expressly agrees that this Agreement shall not be recorded. Prime Subcontractor expressly agrees that Prime Subcontractor will file no Construction Lien Claim or Notice of Unpaid Balance and Right to File Lien or Lis Pendens for work, services, materials or equipment provided or to be provided for which any payment has been received.

Prime Subcontractor warrants and covenants that it shall obtain a written agreement from all of its subcontractors and suppliers, if any, whereby said Prime Subcontractor's subcontractors or suppliers agree not to file any Construction Lien or Notice of Unpaid Balance and Right to File Lien or Lis Pendens for work, services, materials or equipment provided or to be provided for which any payment has been received.

Prime Subcontractor shall pay promptly, when due, for all work, services, material or equipment provided or used in connection with or specially fabricated for the work performed by Prime Subcontractor hereunder. Failure to comply with this paragraph shall be deemed a material and substantial breach of this Agreement for which Contractor may immediately terminate this Agreement and exercise any of Contractor's remedies hereunder.

28. CLEAN-UP

At the end of each day when Prime Subcontractor has performed work on the job site, Prime Subcontractor shall pick up any and all trash and/or debris caused by him as a result of his work on the subject job site and deposit same in the trash or recycling receptacle specified by Contractor. Failure to comply with Contractor's instructions may result in Prime Subcontractor being assessed those extra costs that Contractor would have to pay to properly dispose of mixed debris versus specified, separated debris. Prime Subcontractor shall also reimburse the Contractor for all recycling fines assessed against the Contractor attributable to the acts of the Prime Subcontractor. Contractor shall supply the aforesaid trash receptacle at Contractor's expense.

29. ACCESS AND FIELD CONDITIONS

Prime Subcontractor shall access the site through specified locations and gates under direction of Contractor. As warranted by field conditions, and at the discretion of the Contractor, Prime Subcontractor may be required to wash off the wheels of his vehicle departing the site. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this Agreement. Contractor shall provide a wash station, if required, at Contractor's expense.

30. WORK DAY/WORK WEEK

A minimum of eight (8) hour per day, six (6) day work week (Monday - Saturday) is a condition of this contract in order to meet the required completion dates. This is subject to local regulations which may govern work days or work hours. Prime Subcontractor shall adhere to all such regulations. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this Agreement.

31. SUBCONTRACTORS

No subcontractors shall be used on this work by Prime Subcontractor unless previously approved in writing by Contractor. Prime Subcontractor shall supply Contractor with a list of possible subcontractors as part of its bid package. For all subcontractors approved by Contractor, Prime Subcontractor warrants and covenants that it shall enter into written agreements with these subcontractors requiring them to carry insurance in compliance with Paragraph 6 of the Agreement and to also comply with Paragraphs 7 (Safety Precautions), 27 (Recordation) and 39 (Written Notification of Injury/Accident). Failure to comply with this Paragraph shall be deemed a material and substantial breach of contract, for which Contractor may immediately terminate this Agreement and exercise any other of Contractor's remedies hereunder.

32. LIENS

In the event that Prime Subcontractor or any other subcontractor or supplier files a Construction Lien Claim and/or a Notice of Unpaid Balance and Right to File Lien, Prime Subcontractor, subcontractor or supplier shall file same in strict compliance with the provisions of the Construction Lien Law, including, without limitation, the provisions of such law regarding notice of filings to Contractor and owner. Failure to strictly adhere to the provisions of the Construction Lien Law shall, at Contractor's option, be deemed a breach of this Agreement which shall entitle Contractor to terminate this Agreement, in addition to any and all other remedies provided at law or in equity.

Prime Subcontractor agrees to advise all sub-subcontractors, materialmen, laborers and providers of services and/or equipment of the provisions of this section regarding LIENS and to procure the written agreement of such party(ies) to be bound by the terms of this section. Prime Subcontractor's failure to comply with the foregoing requirement shall, at Contractor's option, be deemed a breach of this Agreement which shall entitle Contractor to terminate this Agreement, in addition to any and all other remedies provided at law or in equity.

33. WAIVER AND RELEASE OF LIENS

Acceptance of payment for work, services, materials and/or equipment furnished in connection with the improvements to the property shall constitute a WAIVERof Prime Subcontractor's rights to file a construction lien and/or a Notice of Unpaid Balance and Right to File Lien and a RELEASE of any liens or Notices of Unpaid Balance and Right to File Lien. Prime Subcontractor agrees to execute any documents in recordable form evidencing such RELEASE or WAIVERimmediately upon request from Contractor. Prime Subcontractor's failure to abide by the provisions of this action shall be deemed a breach of this Agreement which shall entitle Contractor to terminate this Agreement, in addition to any and all other remedies provided at law or in equity.

Prime Subcontractor warrants and covenants that it shall obtain a written agreement from all of its subcontractors and/or suppliers, whereby such subcontractor or supplier agrees that acceptance of payment for work, services, materials and/or equipment furnished in connection with the improvements to the property shall constitute a waiver of such contractor's or supplier's rights to file a construction lien and/or a Notice of Unpaid Balance and Right to File Lien and release of any liens or Notices of Unpaid Balance and Right to File Lien; and that subcontractor and supplier agree to execute any documents in recordable form evidencing such release or waiver immediately upon request from Contractor or Prime Subcontractor. Subcontractor's and/or supplier's failure to abide by the provisions in this section shall be deemed a breach of such contract which shall entitle Prime Subcontractor to terminate such contract, in addition to all other remedies provided at law or in equity.

34. PROPORTIONATE ALLOCATION

If this Agreement covers more than one home, condominium unit, or lot, then for purposes of the Construction Lien Law, the entire amount to be paid pursuant to this Agreement shall be allocated per home, unit or lot according to a fraction, the numerator of which shall be the total contract amount and the denominator of which shall be the total number of homes, units or lots covered by this Agreement.

Prime Subcontractor agrees that upon receipt of payment for the proportionate share allocated to each home, unit or lot, such home, unit or lot and the real property associated therewith shall be automatically released from any lien or Notice of Unpaid Balance and Right to File Lien that may be or has been filed and recorded by Prime Subcontractor. Prime Subcontractor agrees to file and record any discharge of such Lien or Notice of Unpaid Balance and Right to File Lien immediately upon receipt of payment at its own cost and expense.

35. PERMITS

The Contractor shall obtain and pay for all his permits, inspection fees, and bonds required for the performance of the work, unless otherwise specified. Any surety bonds required from or furnished by Prime Subcontractor shall be from surety companies duly licensed and approved by the State of New Jersey.

36. SANITARY PROVISIONS

Adequate toilet and sanitary facilities shall be provided and maintained by the Contractor for Prime Subcontractor's use. Said facilities shall be kept in sanitary condition.

37. GRADE LINES AND LEVELS

The Contractor shall establish and maintain all grade lines, levels, bench marks, etc., except those specifically mentioned as a part of the Prime Subcontractor's work. Prime Subcontractor willbe responsible for costs incurred by Contractor for any restaking of grade lines, levels, bench marks, etc., due to Prime Subcontractor's negligence.

38. HEADINGS

Any titles or headings herein are for purposes of reference only and shall not be deemed to be a part of the Agreement.

39. GOVERNING LAWS

This contract shall be governed by the laws of the State of New Jersey.

40. NON-EXCLUSIVE

The Contractor may, under separate agreement, engage others to accomplish the work of the same trade of the Prime Subcontractor at this project location.

41. PROHIBITION OF PERFORMING WORK FOR CONTRACTOR'S EMPLOYEES

Without the written consent of the President of Contractor, Prime Subcontractor shall not perform any non-emergency work of any nature whatsoever for any employee of Contractor or its affiliated companies. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this agreement.

42. WRITTEN NOTIFICATION OF INJURY/ACCIDENT

Prime Subcontractor shall notify the Contractor, in writing, of any and all personal injury or property damage within 24 hours of such personal injury or property damage resulting from the Prime Subcontractor's performance hereunder. The written notification shall include, at a minimum, the following information:

Name of injured party or location of property damaged;
Social security number of injured party;
Address of injured party;
Employer name and address;
Telephone number of injured party;
Date and time of accident;
Location where injury occurred;
Description of injury or extent of property damage;
Description of injury and extent of injury/damages;
Action taken with respect to injury or damage;
Name, address and telephone number of witnesses to injury or property damage;
Name, address and telephone number of person making report and date report made;
On Site Representative's name;
On Site Representative's signature.

43. RETURN OF MATERIALS FOR CREDIT

Contractor reserves the right to return to Prime Subcontractor any materials provided hereunder which do not comply with the specifications set forth in this Agreement. Prime Subcontractor shall give Contractor full credit for such items returned and Prime Subcontractor shall further be responsible for the cost to remove and return said non-complying materials and for all costs associated with the reinstallation of the specified materials.

44. ALL CHANGES IN WRITING

This Agreement cannot be changed or modified orally. Any change or termination must be in writing and signed by the parties.

45. ASSIGNMENT

Any assignment by the Prime Subcontractor of this Agreement or any interest in it or any money due or to become due without the written consent of the Contractor is prohibited and shall be void. Any assignment with the consent of the Contractor shall not relieve the assignor of any responsibility or obligation under the Agreement.

46. PRIOR AGREEMENTS

This Agreement sets forth the entire understanding of the parties hereto and supersedes all other agreements and understandings among or between any of the parties hereto relating to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent agreements of the parties.

SCHEDULE 'A'

K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION, III, INC.

SITE C & E

PAVING

DESCRIPTION	UNIT PRICE	TOTAL PRICE
A. INTERIOR ROADS		
1. FINE GRADE AND COMPACTION	5,450 S.Y. @ .50/S.Y. =	$2,725.00
2. 8" DENSE GRADED AND AGGREGATE BASE COURSE	2,725 S.Y. @ 5.25/S.Y. =	$14,306.25
3. 3" BITUMINOUS STABILIZED BASE	2,725 S.Y. @ 5.38/S.Y. =	$14,660.50
4. 1 1/2" BITUMINOUS SURFACE (SWEEP & CLEAN)	2,725 S.Y. @ 3.20/S.Y. =	$8,720.00
	TOTAL B-06-A =	$40,411.75
B. DRIVEWAYS		
1. FINE GRADE AND COMPACTION	3,400 S.Y. @ .90/S.Y. =	$3,060.00
2. 8" DENSE GRADED AGGREGATE BASE	1,600 S.Y. @ 10.00/S.Y. =	$16,000.00
3. 3" BITUMINOUS STABILIZED BASE	1,600 S.Y. @ 13.10/S.Y. =	$20,960.00
4. 1 1/2" BITUMINOUS SURFACE (SWEEP & CLEAN)	1,600 S.Y. @ 6.60/S.Y. =	$10,560.00
	TOTAL B-06-D =	$50,580.00
TOTAL PAVING CONTRACT	=	$90,991.75

KHOV002304

EXTRAS AND ADDITIONS:

C. PERIMETER

1. CURB AND ASPHALT REMOVAL	$ 5.75/S.Y.
D. FROST REMOVAL	$ 20.00/C.Y.
E. ASPAHALT REPAIR	$ 42.75/S.Y.

IN THE EVENT THAT ADDITIONS OR DELETIONS ARE MADE TO THE SCOPE OF WORK INCLUDED IN THE LUMP SUM, THE FOLLOWING PRICES SHALL PREVAIL.

SUBBASE OPTION (SUPPLIED AND INSTALLED)

4" QUARRY PROCESS	$ 3.25/S.Y.
4 3/4" STONE (BLEND)	$ 3.75/S.Y.
QUARRY PROCESS	$ 16.25/TN
2 1/2" STONE	$ 18.00/TN
UNDERCUT	$ 7.00/C.Y.
MIRAFI FABRIC (600K)	$ 1.25/S.Y.

ALL ABOVE PRICES ARE VOID OF ALL APPLICABLE SALES TAX, AS SOCIETY HILL IS A TAX EXEMPT COMMUNITY.

SCHEDULE B

PAVING

The scope of work for the installation of the compacted stone base, paving and striping is defined by the "Bid Set" of drawings and specifications and shall include all labor, material, equipment, supervision and all other incidental items necessary to properly and successfully complete the intend job scope in accordance with the plans that may exist governing the work to be performed. Such performance shall be in a wormanlike manner in accordance with standard construction prctices.

1. The Prime Subcontractor will pave in accordance with the plans and the Contractor's construction schedule. Scope includes from accepted subgrade tolerences to completion.

2. The pavement thickness and quality of materials shall conform with the tolerences listed in the New Jersey Department of Transportation Specifications lastest revision and addenda thereto. All other applicable codes and specifications pursuant to the scope of work of the most stringent sense shall be adhered to.

3. All traffic safety conditions required by Local, County, and State governing agencies shall be strictly adhered to throughout the duration of the paving scope of work.

4. The Prime Subcontractor is responsible for the replacement of all traffic striping which was removed and/or disturbed by the construction of the said roadways. The paint specifications and placementmust meet and agree with all City, County, and NJDOT standard specifications.

5. Existing pavement that is to be removed or paved up to shall sawcut prior to final restoration, and appropriatebinder installation.

6. All existing cross slopes and gutter grades shall be maintained as required.

7. It shall be the responsibility of the Prime Subcontractor to contact the appropriate governing personnel prior to start up and scheduleall required inspections with the proper authorities, so that progress of work is not delayed.

8. It is understood that paving will be accomplished in stages in order to best take advantage of favorable weather. Prime Subcontractor agrees to commence paving, once there is a minimum of one (1) day's paving work to complete, which shall not be more than two (2) days from approved subgrade. However, occasionally the Prime Subcontractor may be required to pave with less than a full days work.

9. By no means shall roads which have been prepared and ready for subbase pavement be left longer than two (2) working days before installation of pavement commences. Once pavement installation commences, it shall be a continuous ongoing operation until all designated areas approved for paving are completed.

10. Prime Subcontractor will notify Contractor in those cases where he deems the subbase to be unsuitable for paving due to wet conditions beyond the control of the Prime Subcontractor. Contractor will make a determination as to whether the subgrade should be cut out and replaced with suitable fill.

11. The Prime Subcontractor will be responsible for correcting the unsuitability of the subgrade if the wet consition results from his delays in paving.

12. Prior to installation of bituminous stabilized base course (BSBC) the Prime Subcontractor, the Contractor, and the Township Engineer will inspect the subgrade of all area to be paved and approve all subgrade for proper compaction and within plus or minus 1/2" tolerances. All areas identified as needing repair will immediately be corrected by the Prime Subcontractor. The Prime Subcontractor shall commence installation of (BSBC) on those areas which have been approved by the Township Engineer within two (2) days of approval. If repairs to subgrade are being accomplished after approval of certain areas, the Prime Subcontractor shall commence installation of (BSBC) on all approved arears within two (2) days of approval so long as there is a full days work available.

13. Prime Subcontractor will scrape and sweep clean and apply tacking compound to all roads, court and parking areas prior to the installation of the surface sourse.

14. Prime Subcontractor will level all base course surfaces in excess of 2" including all trench settlement prior to surface course paving.

15. The Prime Subcontractor will be held strictly responsible to insure that all roadways and parking arears are properly crowned and pitched to preclude water pockets and ensure proper drainage. Any area deemed unacceptable by the Contractor or the Township Engineer will be repaired at no cost to the Contractor.

16. Prime Subcontractor will be held strictly responsible for scraches, chips, cracks, and other damage to curbing caused by his graders, rollers and other equipment. Contracotr will be sole judge of whether damaged curb must be replaced. Prime Subcontractor should ensure that grader blades, rollers, etc. are kept off the surface of the curb.

17. Stripping to take place immediately following surface course paving.

18. This is a lump sum contract. Payment will be made on a percentage completion basis determined by the square yards installed in the field not to exceed the lump sum contract price. The Contractor shall verify square

yardage installed with Prime Subcontractor before application for payment is submitted to Contractor.

19. Extra work when requested by the Contractor will be handled on a case by case basis and payment made on a lump sum, unit price or time and material basis using the appropriate rates listed herein as determined by the Contractor. All extra work tickets must be signed daily. It is the Prime Subcontractor's responsibility to ensure the extra work ticket is signed by the Contractor's Site Superintendent and/or Construction Manager.

20. All winterization of manholes, inlets, depressed curb, dumpster enclosures, and water valve boxes are included in the lump sum bid.

21. Any waste, debris etc. generated by this Prime Subcontractor shall be removed from the site by them.

22. Price for all valve box risers are to be included in lump sum contract.

PROJECT SCHEDULE

The Contractor will supply the Prime Subcontractor with a "Construction Master Schedule" upon commencement of field work which will be revised as needed to meet the Contractor's delivery schedule.

Prime Subcontractor shall conform to Contractor's "Master Schedule" which shall be posted in the construction trailer and which shall govern the sequencing and scheduling of all work performed on the community. In the event the Prime subcontractor determines that full compliance with said schedule is beyond his capabilities he shall bring it to the attention of the Contractor prior to causing any delay. Developer then shall take corrective action which shall include but, not be limited to the awarding of a portion of the work to another Prime Subcontractor.

Absent such notification and failure to comply with the "Master Schedule" shall be considered a breach of contract. Developer realizes that Prime Subcontractor's ability to meet above "Master Schedule" will depend on weather conditions permitting compliance.

MAY BE REPRODUCED

ST-8 (7-84, R-5)

State of New Jersey

DIVISION OF TAXATION
SALES TAX

To be completed by owner of real property and contractor, and retained by contractor. Read instructions on back of this certificate.

The contractor must collect the tax on the amount charged for labor and services under the contract unless the owner gives him a properly completed Certificate of Capital Improvement.

CERTIFICATE OF CAPITAL IMPROVEMENT

FORM ST-8

MAY BE ISSUED ONLY BY THE OWNER OF THE REAL PROPERTY.
MAY NOT BE ISSUED FOR THE PURCHASE OF MATERIALS

CONTOUR CONTRACTORS, INC.
447 ROUTE 10 EAST SUITE 7 RANDOLPH, NJ 07869
(Address of Contractor)
22-3351968
(Registration Number of Contractor)

THE FOLLOWING INFORMATION MUST BE FURNISHED:
The nature of the contract is as follows (describe the capital improvement to be made):
PAVING

The address or location where work is to be performed:
Society Hill at University Heights III, Newark N.J. 07103

TOTAL AMOUNT OF CONTRACT $ 140,000 00

The undersigned hereby certifies that he is not required to pay sales and use tax with respect to charges for installation of tangible personal property, because the performance of the contract will result in a capital improvement to real property. The undersigned purchaser hereby affirms (under the penalties for perjury and false swearing) that all of the information shown in this Certificate is true.

CONTRACTOR'S CERTIFICATION

I certify that all sales and use tax due has been or will be paid by the undersigned on purchases of materials incorporated or consumed in the performance of the contract described herein.

4-25-96
(Signature of Contractor) (Date)

K. Hovnanian at Newark Urban Renewal Corporation III, INC.
(Name of owner of real property)

By ROBERT JACKSON, PRESIDENT
(Signature of owner, partner, officer of corporation, etc.)
65 Jackson Drive, Cranford, NJ 07016
(Address of owner of real property)
6/3/96
(Date)

Any person making representations on this certificate which are willfully false may be subject to such penalties as may be provided for by law.
REPRODUCTION OF CERTIFICATE OF CAPITAL IMPROVEMENT FORMS: Private reproduction of both sides of Capital Improvement Certificates may be made without the prior permission of the Division of Taxation.

KHOV002309

INSTRUCTIONS

TO THE PROPERTY OWNER:

In cases where the contractor performs work which results in a *capital improvement* to your house or land (real property), he may NOT charge you any sales tax if you issue to him a properly completed Certificate of Improvement (Form ST-8).

It is important to distinguish between a capital improvement and a repair. If the fulfillment of a contract only maintains the existing value of the property, it is a repair and not a capital improvement. Where an improvement results in an increase in the capital value of the real property, it is considered that a capital improvement has been performed.

As an aid to determine whether a contract is for a repair to real property or a capital improvement to real property, the treatment of such transaction for income tax purposes under the Federal Internal Revenue Code may be used as a guide. If you have any doubt whether the work to be performed constitutes a repair or a capital improvement, you should communicate with the Division of Taxation and describe in detail such work.

The following are examples of capital improvements:

- New construction
- New roof, installation of
- Tiled bath, installation of
- New bath fixtures, installation of
- New kitchen cabinets, installation of
- New kitchen fixtures, installation of
- Paving of driveway
- Shrubbery, trees, etc. planted
- Paneling, installation of
- In-ground swim pool, installation of
- New central air conditioner installation
- Porch enclosure, construction of
- New heating system installation
- Rewiring
- New electrical outlets installed
- New siding, installation of
- Garage, construction of
- Patio, construction of
- Storm doors and windows, original or initial installation of
- Painting a newly constructed house
- New hot water heater installation

TO THE CONTRACTOR:

If you enter into a contract to add to or improve real property by a capital improvement (such as new construction, the addition of a porch, installation of a new roof or construction of additional rooms), and the property owner issues to you a properly completed Certificate of Capital Improvement, which you must retain, you should not collect sales tax from the property owner. (You are required to pay sales tax to your supplier on the purchase of the tangible personal property you purchase for use in performing the contract irrespective of whether the work constitutes a repair or a capital improvement.)

However, if you enter into a contract to repair, maintain or service real property or tangible personal property, you must collect the tax on the charge for labor or services performed in accordance with the contract.

GOOD FAITH:

In general, a contractor who accepts a Certificate of Capital Improvement in "good faith" is relieved of liability for collection or payment of tax upon transaction covered by the certificate. The question of "good faith" is one of fact and depends upon the consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

In order for "good faith" to be established, the following conditions must be met:

(a) The certificate must contain no statement or entry which the contractor knows, or has reason to know, is false or misleading.

(b) The certificate must be an officially promulgated certificate or a proper reproduction thereof.

(c) The certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

The contractor may, therefore, under the circumstances, accept this "good faith" Certificate of Capital Improvement as a basis for not collecting sales tax with respect to service or labor charges.

IMPROPER CERTIFICATE:

Sales transactions which are not supported by properly executed capital improvement certificates shall be deemed to be taxable sales and the contractor must collect the proper sales tax. In the case of an improper certificate, the burden of proof that the tax was not required to be collected is upon the contractor.

CORRECTION OF CERTIFICATE:

In general, contractors have 60 days after performance of the contract to obtain a corrected certificate where the original certificate lacked material information required to be set forth in said certificate or where such information is incorrectly stated.

RETENTION OF CERTIFICATES:

Certificates must be retained by the contractor for a period of not less than three years from the date of performance of the contract covered by the certificate. Certificates must be in the physical possession of the contractor and available for inspection on or before the 60th day following the date of the transaction to which the certificate relates.

MAY BE REPRODUCED (Front and Back Required)

KHOV002310

MAY BE REPRODUCED

UZ-4 (5-93, R-2)

To be completed by purchaser and given to and retained by vendor. Read instructions on back of this certificate.

State of New Jersey
DIVISION OF TAXATION
SALES TAX
(N.J.S.A. 54:32B-8.22)

CONTRACTOR'S SALES TAX CERTIFICATE OF AUTHORITY NUMBER
0100-3761-82.

CONTRACTOR'S EXEMPT PURCHASE CERTIFICATE URBAN ENTERPRISE ZONE

TO Contour Contractors, Inc.
(Name of Vendor)

447 Route 10 East Suite 7 Randolph, NJ 07869
(Address of Vendor)

The materials, supplies, or services purchased by the undersigned are for exclusive use in erecting structures, or building on , or otherwise improving, altering or repairing real property of a qualified business entity within an urban enterprise zone.

THIS BID OR CONTRACT COVERS WORK TO BE PERFORMED FOR:

Name of Qualified Business Entity: K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION I

Exempt Qualified Business Permit Number: 2687

Permit Effective Dates: 06/30/95 TO 06/29/96

Address: 71 WICKLIFFE ST
NEWARK NJ 07103

ADDRESS OR LOCATION OF BID OR CONTRACT WORK SITE:

Same as above
Society Hill @ University Heights, III

Urban Enterprise Zone City Designation: _____

I certify that all information on this Certificate is correct.

K. Hovnanian @ Newark Urban Renewal Corp, III, Inc.
(Name of Contractor)

71 Wickliffe St.
(Business address of Contractor)

Newark, NJ 07103

By: _____
(Signature and Title of owner, partner, or officer of corporation)

Director
Division of Taxation

_____
(Date)

See INSTRUCTIONS on other side

KHOV002311

INSTRUCTIONS TO VENDORS CONCERNING EXEMPT PURCHASE CERTIFICATE

GOOD FAITH - In general, a seller or lessor who accepts an exempt purchase certificate in "good faith" is relieved of liability for collection or payment of tax upon transactions covered by the certificate. The question of "good faith" is one of fact and depends upon a consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

In order for "good faith" to be established, the following conditions must be met:

(a) The certificate must contain no statement or entry which the seller or lessor knows, or has reason to know, is false or misleading.

(b) The certificate must be an officially promulgated certificate form or a substantial and proper reproduction thereof.

(c) The certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

The vendor may, therefore, accept this "good faith" certificate as a basis for exempting sales to the signatory purchaser provided that:

(a) The Certificate of Authority Number, showing that the purchaser is a registered vendor, is entered on the form.

(b) The purchaser has entered all other information required and checked the appropriate items.

(c) The purchase is made between the effective dates shown.

All sales which are not supported by a properly executed exemption certificate shall be deemed retail sales and the burden of proving the sale is not at retail is upon you as the vendor.

NOTE: This form may be used by sub-contractors by adding a sheet containing information from the sub-contractor similar to that given by the contractor.

- Reproduction of Form -
Private reproduction of this form may be made without prior permission from the Division of Taxation.

IN WITNESS WHEREOF, the parties have hereunto fixed their hands and seals on the date first above written.

WITNESS/ATTEST

(print name below signature)

Anthony Marone

CONTOUR CONTRACTORS, INC.

4-25-96

(print name below signature)

ROBERT F SIERZBINSKI

ATTEST:
CORP., III, INC.

Robert M. Schwartz
Assistant Secretary

K. HOVNANIAN AT NEWARK URBAN RENEWAL

Robert D. Jackson
President Hudson River Area

Unless executed by the President or Vice President of the Contractor and attested to by the appropriate officer of the Contractor, this Agreement shall not be binding upon Contractor.

ADDENDUM TO SUBCONTRACTOR AGREEMENT

CHECK THE APPLICABLE ADDENDUM PROVISION CONCERNING WORKER'S COMPENSATION AND AUTOMOBILE LIABILITY

INDEMNITY AND INSURANCE

__ 1. Prime Subcontractor hereby represents that it is a non-incorporated sole proprietorship and as such has no employees. Accordingly, the minimum limits of insurance coverage for Worker's Compensation as set forth in Paragraph 6 of the Subcontract Agreement is waived by the Contractor. However, Prime Subcontractor further agrees that in the event it employs any part or full-time persons, it will immediately notify Contractor of this fact and obtain the Worker's Compensation coverage set forth in Paragraph 6 of the Subcontract Agreement.

__ 2. Prime Subcontractor hereby represents and warrants that it does not own any vehicles registered in the Prime Subcontractor's company name. Accordingly, the parties agree that Prime Subcontractor is not required to obtain the minimum limits of insurance coverage for automobile liability as set forth in Paragraph 6 of the Subcontract Agreement. However, in the event that Prime Subcontractor does acquire any motor vehicles registered in the company name, Prime Subcontractor shall immediately notify the Contractor of this fact and obtain the minimum limits of insurance coverage for automobile liability as set forth in Paragraph 6 of the Subcontract Agreement.

3. All provisions of Paragraph 6 "INDEMNITY AND INSURANCE" of the parties' Subcontract Agreement not modified by this Addendum remain in full force and effect.

The parties hereby agree to the terms and conditions of this Addendum to Paragraph 6 of the Subcontract Agreement.

WITNESS/ATTEST:

Anthony Marone

Anthony Marone
(print name below signature

CONTOUR CONTRACTORS, INC.

4-25-96

ROBERT F SUCZBINSKI
(print name below signature)

ATTEST:
CORP., III, INC.

Robert M. Schwartz
Assistant Secretary

K. HOVNANIAN AT NEWARK URBAN RENEWAL

Robert D. Jackson
President-Hudson River Area

Unless executed by the President of the Developer and attested to by the appropriate officer of the Developer, this Agreement shall not be binding upon Developer.

SCHEDULE 'A'

K. HOVNANIAN AT NEWARK URBAN RENEWAL CORPORATION, III, INC.

SITE C & E

PAVING

DESCRIPTION	UNIT PRICE	TOTAL PRICE
A. INTERIOR ROADS		
1. FINE GRADE AND COMPACTION	$ _____ S.Y.	$ _____
2. 8" DENSE GRADED AND AGGREGATE BASE COURSE	$ _____ S.Y.	$ _____
3. 3" BITUMINOUS STABILIZED BASE	$ _____ S.Y.	$ _____
4. 1 1/2" BITUMINOUS SURFACE (SWEEP & CLEAN)	$ _____ S.Y	$ _____
B. DRIVEWAYS		
1. FINE GRADE AND COMPACTION	$ _____ S.Y.	$ _____
2. 8" DENSE GRADED AGGREGATE BASE	$ _____ S.Y.	$ _____
3. 3" BITUMINOUS STABILIZED BASE	$ _____ S.Y.	$ _____
4. 1 1/2" BITUMINOUS SURFACE (SWEEP & CLEAN)	$ _____ S.Y.	$ _____
	SUBTOTAL	$ _____
C. PERIMETER		
1. CURB AND ASPHALT REMOVAL	$ _____ S.Y.	$ _____
D. FROST REMOVAL	$ _____ C.Y.	
E. ASPAHALT REPAIR	$ _____ S.Y.	

IN THE EVENT THAT ADDITIONS OR DELETIONS ARE MADE TO THE SCOPE OF WORK INCLUDED IN THE LUMP SUM, THE FOLLOWING PRICES SHALL PREVAIL.

SUBBASE OPTION (SUPPLIED AND INSTALLED)

4" QUARRY PROCESS	$ _____	S.Y.
4 3/4" STONE (BLEND)	$ _____	S.Y.
QUARRY PROCESS	$ _____	TN
2 1/2" STONE	$ _____	TN
UNDERCUT	$ _____	C.Y.
MIRAFI FABRIC (600K)	$ _____	S.Y.

ALL ABOVE PRICES ARE VOID OF ALL APPLICABLE SALES TAX, AS SOCIETY HILL IS A TAX EXEMPT COMMUNITY.

SCHEDULE B

PAVING

The scope of work for the installation of the compacted stone base, paving and striping is defined by the "Bid Set" of drawings and specifications and shall include all labor, material, equipment, supervision and all other incidental items necessary to properly and successfully complete the intend job scope in accordance with the plans that may exist governing the work to be performed. Such performance shall be in a wormanlike manner in accordance with standard construction prctices.

1. The Prime Subcontractor will pave in accordance with the plans and the Contractor's construction schedule. Scope includes from accepted subgrade tolerences to completion.

2. The pavement thickness and quality of materials shall conform with the tolerences listed in the New Jersey Department of Transportation Specifications lastest revision and addenda thereto. All other applicable codes and specifications pursuant to the scope of work of the most stringent sense shall be adhered to.

3. All traffic safety conditions required by Local, County, and State governing agencies shall be strictly adhered to throughout the duration of the paving scope of work.

4. The Prime Subcontractor is responsible for the replacement of all traffic striping which was removed and/or disturbed by the construction of the said roadways. The paint specifications and placementmust meet and agree with all City, County, and NJDOT standard specifications.

5. Existing pavement that is to be removed or paved up to shall sawcut prior to final restoration, and appropriatebinder installation.

6. All existing cross slopes and gutter grades shall be maintained as required.

7. It shall be the responsibility of the Prime Subcontractor to contact the appropriate governing personnel prior to start up and scheduleall required inspections with the proper authorities, so that progress of work is not delayed.

8. It is understood that paving will be accomplished in stages in order to best take advantage of favorable weather. Prime Subcontractor agrees to commence paving, once there is a minimum of one (1) day's paving work to complete, which shall not be more than two (2) days from approved subgrade. However, occasionally the Prime Subcontractor may be required to pave with less than a full days work.

9. By no means shall roads which have been prepared and ready for subbase pavement be left longer than two (2) working days before installation of pavement commences. Once pavement installation commences, it shall be a continuous ongoing operation until all designated areas approved for paving are completed.

10. Prime Subcontractor will notify Contractor in those cases where he deems the subbase to be unsuitable for paving due to wet conditions beyond the control of the Prime Subcontractor. Contractor will make a determination as to whether the subgrade should be cut out and replaced with suitable fill.

11. The Prime Subcontractor will be responsible for correcting the unsuitability of the subgrade if the wet consition results from his delays in paving.

12. Prior to installation of bituminous stabilized base course (BSBC) the Prime Subcontractor, the Contractor, and the Township Engineer will inspect the subgrade of all area to be paved and approve all subgrade for proper compaction and within plus or minus 1/2" tolerances. All areas identified as needing repair will immediately be corrected by the Prime Subcontractor. The Prime Subcontractor shall commence installation of (BSBC) on those areas which have been approved by the Township Engineer within two (2) days of approval. If repairs to subgrade are being accomplished after approval of certain areas, the Prime Subcontractor shall commence installation of (BSBC) on all approved arears within two (2) days of approval so long as there is a full days work available.

13. Prime Subcontractor will scrape and sweep clean and apply tacking compound to all roads, court and parking areas prior to the installation of the surface sourse.

14. Prime Subcontractor will level all base course surfaces in excess of 2" including all trench settlement prior to surface course paving.

15. The Prime Subcontractor will be held strictly responsible to insure that all roadways and parking arears are properly crowned and pitched to preclude water pockets and ensure proper drainage. Any area deemed unacceptable by the Contractor or the Township Engineer will be repaired at no cost to the Contractor.

16. Prime Subcontractor will be held strictly responsible for scraches, chips, cracks, and other damage to curbing caused by his graders, rollers and other equipment. Contracotr will be sole judge of whether damaged curb must be replaced. Prime Subcontractor should ensure that grader blades, rollers, etc. are kept off the surface of the curb.

17. Stripping to take place immediately following surface course paving.

18. This is a lump sum contract. Payment will be made on a percentage completion basis determined by the square yards installed in the field not to exceed the lump sum contract price. The Contractor shall verify square

yardage installed with Prime Subcontractor before application for payment is submitted to Contractor.

19. Extra work when requested by the Contractor will be handled on a case by case basis and payment made on a lump sum, unit price or time and material basis using the appropriate rates listed herein as determined by the Contractor. All extra work tickets must be signed daily. It is the Prime Subcontractor's responsibility to ensure the extra work ticket is signed by the Contractor's Site Superintendent and/or Construction Manager.

20. All winterization of manholes, inlets, depressed curb, dumpster enclosures, and water valve boxes are included in the lump sum bid.

21. Any waste, debris etc. generated by this Prime Subcontractor shall be removed from the site by them.

22. Price for all valve box risers are to be included in lump sum contract.

PROJECT SCHEDULE

The Contractor will supply the Prime Subcontractor with a "Construction Master Schedule" upon commencement of field work which will be revised as needed to meet the Contractor's delivery schedule.

Prime Subcontractor shall conform to Contractor's "Master Schedule" which shall be posted in the construction trailer and which shall govern the sequencing and scheduling of all work performed on the community. In the event the Prime subcontractor determines that full compliance with said schedule is beyond his capabilities he shall bring it to the attention of the Contractor prior to causing any delay. Developer then shall take corrective action which shall include but, not be limited to the awarding of a portion of the work to another Prime Subcontractor.

Absent such notification and failure to comply with the "Master Schedule" shall be considered a breach of contract. Developer realizes that Prime Subcontractor's ability to meet above "Master Schedule" will depend on weather conditions permitting compliance.