LEASE AGREEMENT

This AGREEMENT, made this 14th day of June, 19 91 between Mr. Frederick Matthews and Mrs. Jacqueline Matthews, hereinafter referred to as "OWNER" and K. Hovnanian at Newark Urban Renewal Corporation II, Inc., hereinafter referred to as "TENANT".

Tenant is in the process of selling to the Owner the property commonly known as Unit No. 02, in Building No. 1, with a street address of 5 Rider Court, in the Society Hill at University Heights Condominium Project (Site D, University Heights Redevelopment Area, Newark, N.J.) hereinafter referred to as the "UNIT".

The Owner hereby leases the Unit to Tenant and Tenant agrees to lease same from Owner under the following terms and conditions:

1. This occupancy of the Unit under this lease shall commence upon transfer of title of the Unit to Owner by Tenant and shall continue through June 30, 1991. Commencing on June 1, 1991. This lease shall be, at Tenant's option only, a month-to-month lease of the Unit. Tenant may terminate this lease during said month-to-month period at any time upon 30 days written notice to Owner sent Certified Mail Return Receipt Requested. Said 30 day notice need not coincide with a calendar month in order to be effective.

2. Owner acknowledges that Tenant will use premises as either a Sales Office, Model and/or General Office, or any combination thereof. Tenant will not permit the Unit to be used for any purpose other than as setforth above. Tenant will not sublet the Unit to any third parties but may permit the use and occupancy of same by any other person or entity affiliated in any way with Tenant or K. Hovnanian Enterprises, Inc. Owner acknowledges that the sale of the Unit by Tenant and the execution of this lease are based upon Tenant's desire and need to maintain the above referred permitted uses and right to occupy under this lease at the Society Hill project referred to above, in a continuous ongoing fashion in order to serve Tenant's business needs. Should any litigation arise which in anyway involves this lease or the relationship between the parties hereto, Owner agrees that any remedy fashioned by any court shall permit Tenant's continued use and occupancy of the Unit at least for a sufficient period of time so as to permit Tenant to complete construction of, furnish and commence operations of replacement premises, which period of time shall be based on conditions then applicable and which shall, in any event, not be less than 120 days subsequent to the date of the court's judgement or order.

3. Tenant shall be responsible for the care and any maintenance of the interior of the Unit, except for normal wear and tear. At the end of the tenancy, Tenant will leave the Unit in broom clean condition and will repair all holes in all interior walls and will remove all trade and other fixtures. Tenant shall shampoo all carpeting in the Unit after vacating the Unit upon termination of this Lease Agreement. Furthermore, Tenant will be responsible to Owner for repair and or replacement of those items of personal property, fixtures or furnishings which are setforth on the Schedule "A" attached hereto.

4. Prior to closing of title, the parties will conduct a walk-thru inspection of the Unit. Those items which may be required to be completed by Tenant or repaired in order to satisfy the applicable building code or Home Owner Warranty standards will be repaired or completed as soon as possible after closing. Defects not noted on the walk-thru checklist for correction are excluded from Tenant's (builder's) responsibility. Items listed shall not constitute a basis to delay closing of title in accordance with the terms and conditions of the contract of sale or Tenant's occupancy of the Unit under this lease.

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5. The minimum monthly rent to be paid for the Unit shall be $[illegible] per month during the term of this lease payable in advance commencing on the date of closing. Said minimum monthly rent shall be for the Unit and for the fixtures contained within the Unit as of the date Owner takes title to same from Tenant. Said minimum monthly rental amount was computed to be equal to the monthly principle and interest payment of a 30 year fixed rate mortgage at the interest rate prevailing at the time Owner signs its contract to purchase the Unit from Tenant for a mortgage not to exceed $[illegible] plus the monthly estimated property taxes for the Unit as stated in Public Offering Statement and 1/12th of the estimated cost to Owner for "homeowners" or "landlord's" real property fire and other casualty insurance coverage in the amount of the contract purchase price of the Unit. Owner shall obtain and maintain said insurance during the term of this lease.

6. In addition to the minimum monthly rent as said forth above, Tenant shall pay to applicable third parties all bills for water, sewerage, electricity, gas, burglar alarm servicing fees and for any other utility servicing the Unit. Tenant shall obtain and carry during the term of this lease comprehensive liability insurance "Combined Single Limit" coverage of at least 3 million dollars which specifically insures against personal injuries and property damage. Owner shall be named as an additional insured on said insurance policy obtained and maintained by Tenant during the term of this lease.

7. During the term of this lease Owner shall be responsible and will pay directly all real estate property taxes and condominim association maintenance fees due on the Unit.

Executed the date first above written.

Witness: _____

Witness: _____

Buyer: Frederick D Matthews
Mr. Frederick Matthews

Buyer: [illegible]
Mrs. Angeline Matthews

K. Hovnanian at Newark Urban Renewal Corporation II Inc.

Attest: _____

By: [illegible] 6/12/91
Robert D. Jackson

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