K Hovnanian Companies

10 HIGHWAY 35, P.O. BOX 500, RED BANK, NEW JERSEY 07701 □ (908) 747-7800

October 8, 1992

Honorable Sharp James, Mayor
City of Newark
City Hall
920 Broad Street
Newark, New Jersey 07102

RE: Option Exercise - University Heights Redevelopment Plan Site C

Dear Mayor James:

As required by our Contract to acquire title and to develop University Heights Sites A, B, C and E, we hereby exercise our option to purchase Site C.

As you know, the development of Site C is to be preceded by construction of Site E. We expect that within the next 10 days the City will begin to convey Site E to us. We are hopeful that the City's efforts to acquire the remaining Site E out parcels will be concluded within a few short months. This will enable us to go forward with all required construction on Site E during 1993. Therefore, in the spring or summer of 1994 we estimate that we will be applying to the Planning Board of the Central Ward for granting of final site plan approval as relates to Site C (preliminary site plan approval having been granted in September of 1992). It is possible that we may apply earlier, based on Sales.

Please allow this letter to confirm all prior discussions and/or correspondence with Glenn Grant and Harold Lucas (while they held their prior positions) wherein it was agreed that the closings on the remaining sites will be scheduled to reasonably coincide with the completion of the City's acquiring title to all non-city owned parcels, demolition of all required buildings, granting of tax abatement, etc. and further to coincide with our ongoing construction activities in the University Heights Redevelopment Plan area.

We look forward to continuing our public-private partnership in the development of this area. As we have in the past, we thank you for your invaluable assistance and the invaluable assistance of the City's staff.

Very truly yours,

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

C.E. Gack

Conrad E. Gack
President

CEG/gls
cc: Glenn Grant
Marcus Dasher
Michelle Hollar Gregory
Marshall Cooper
Site A, B, C & E Contract File
Harold Lucas