

**AGREEMENT
FOR REIMBURSEMENT OF FEES AND
REQUIREMENT OF SUBSEQUENT DEVELOPER(S)
TO POST REQUIRED FEES**

This Agreement (“Agreement”) is made and entered into this ____ day of _____, 20__ (“Effective Date”) by and between **K. Hovnanian Homes of Minnesota, L.L.C.** (formerly known as K. Hovnanian T&C Homes at Minnesota, LLC) a Minnesota limited liability company having an office at 110 Fieldcrest Avenue, Edison, NJ 08837 (“K. Hovnanian”) and the **City of Ramsey**, a Minnesota municipal corporation having an address of 7550 Sunwood Drive NW, Ramsey, MN 55303 (“City”). The City and K. Hovnanian are collectively referred to as the “Parties.”

RECITALS

A. K. Hovnanian owns the property described in Attachment A hereto (“Property”) that is located within the property known as the Ramsey Town Center 7th Addition.

B. The City, K. Hovnanian and the Ramsey Town Center, LLC (“RTC”) are parties to the August 24, 2005 agreement entitled “City of Ramsey Secondary Development Contract for Ramsey Town Center 7th Addition Symphony Town Center” which was recorded with the Anoka County Registrar of Titles on August 25, 2005 as Document No. 1977751.011 (“2005 Secondary Development Contract”).

C. Pursuant to the terms of the 2005 Secondary Development Contract, K. Hovnanian posted inspection fees (“Inspection Fees”) and a landscaping maintenance guaranty (“Landscaping Maintenance Guaranty”) with the City and which the City is currently holding in escrow.

D. The City, K. Hovnanian, RTC and Stewart Title of Minnesota, Inc. (“Title Company”) are parties to the August 24, 2005 agreement entitled “Escrow Agreement” (“2005 Escrow Agreement”).

E. The 2005 Escrow Agreement provides in part as follows: (1) RTC agreed to deposit funds into the Title Company’s escrow account (“Escrow Account”) to secure the completion of certain improvements and (2) if the required improvements were not installed by RTC and the City or K. Hovnanian installed the improvements, then the entity performing the improvements would be entitled to reimbursement from the funds in the Escrow Account for the work that was to be done by RTC.

F. The Title Company has verified that as of the Effective Date there is \$173,592.94 remaining in the Escrow Account.

G. K. Hovnanian has completed the following work at the following costs (the “Work”) that was to be done by RTC and for which K. Hovnanian is entitled to reimbursement under the Escrow Agreement:

- 1) Storm sewer improvements to complete 146th Street drainage -\$46,346.00;
- 2) Curb and pavement along 146th Street - \$5,858.00;
- 3) Reinstallation of sanitary sewer service to Block 3 - \$6,100.00; and
- 4) Hydrant relocation/curb repair along 146th Street and curb repair made at direction of City \$12,816.00.

The total costs incurred by K. Hovnanian to perform the Work that was to be done by RTC and which is reimbursable under the Escrow Agreement is \$71,120.00.

H. As set forth in the November 21, 2007 letter from K. Hovnanian's attorney (Attachment B hereto), RTC has consented to the release of \$71,120.00 to K. Hovnanian from the Escrow Account.

I. K. Hovnanian has decided not to proceed with the development of the Property and is currently trying to sell the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Parties agree that the Recitals set forth above are hereby incorporated as material covenants and terms to this Agreement.

2. K. Hovnanian has met the applicable requirements of the 2005 Secondary Development Contract and is entitled to reimbursement of the following surplus amounts (the "Reimbursement") that are currently in the City's escrow account:

- a) Inspection Fees - \$33,637.85; and
- b) Landscape Maintenance Guaranty - \$37,230.00.

3. The Reimbursement payment shall be made payable to "K. Hovnanian Homes of Minnesota, L.L.C." and issued within thirty (30) days of the Effective Date. The Reimbursement Payment shall be sent via overnight mail to:

Mary Ranum, Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402-1425

or, sent via wire as follows:

Wire Instructions:

ABA Number: 031207607
Bank Name: PNC Bank
Bank Location: Moorestown, NJ
Account Name: K. Hovnanian Enterprises, Inc.
Account Number: 8026269039
Reference: K. Hovnanian Homes of Minnesota, L.L.C

4. The City authorizes and approves the release from the Escrow Account of \$71,120.00 by the Title Company to K. Hovnanian.

5. Any subsequent developer (“Subsequent Developer”) of the Property shall be required to satisfy all surety, guaranty and fee requirements existing at the time a development agreement is executed with the City.

6. Any notices sent to the Parties pursuant to this Agreement shall be in writing and shall either be hand delivered or mailed via overnight mail, certified mail or registered mail to the following addresses:

John Semple
VP & Chief Legal Counsel
K. Hovnanian Homes
110 Fieldcrest Ave.
Edison, NJ 08837

City Administrator
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

7. This Agreement contains the entire agreement between the Parties as to the terms set forth herein and no amendment, modification or addendum to this Agreement shall be effective unless in writing dated subsequent to the date hereof and executed by the duly authorized officers of the respective Parties.

8. The Parties represent and warrant that their respective signatories are fully authorized to execute this Agreement and to legally bind the Party on whose behalf they are signing.

9. This Agreement may be executed in any number of counterparts, including counterparts delivered by facsimile or electronic mail, all of which together shall constitute a fully executed original Agreement. Facsimiles of signatures or signatures received by electronic mail shall constitute and be binding as though they were originals.

10. This Agreement shall be binding upon the Parties and their successors and assigns.

[Remainder of page is blank and signatures on next page]

CITY OF RAMSEY, MINNESOTA

By: _____
Name:
Title: Mayor
Date:

By: _____
Name:
Title: City Administrator
Date:

State of Minnesota)
County of Anoka)

The foregoing instrument was signed before me on this ____ day of _____, 20__ by
_____ (the City's Mayor) and _____
(the City's Administrator) as duly authorized representatives of the City of Ramsey, Minnesota.

Notary Public

K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.

By: _____

Name: John F. Semple

Title: VP & Chief Legal Counsel

Date:

State of New Jersey)

County of Middlesex)

The foregoing instrument was signed before me on this ____ day of _____, 20__ by
John F. Semple as duly authorized representative K. Hovnanian Homes of Minnesota, L.L.C..

Notary Public

ATTACHMENT A
Legal Description of Property

ATTACHMENT B
November 21, 2007 Letter with RTC Consent