



1977751.010

28-32-25-14-0092
13-0006

080805

ALLOCATION AGREEMENT

THIS ALLOCATION AGREEMENT (this "Agreement"), is made and entered into as of the 24 day of August, 2005, by and between **RAMSEY TOWN CENTER LLC**, a Minnesota limited liability company ("Seller"), **K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.**, a Minnesota limited liability company ("Purchaser"), and **CITY OF RAMSEY**, a Minnesota municipal corporation (the "City").

STEWART TITLE-JW
115867

RECITALS

A. Seller and the City have entered into that certain City of Ramsey Master Development Agreement for Ramsey Town Center, dated September 17, 2003, recorded September 24, 2003 as Document No. 1854364.0 (Anoka County Abstract) and Document No. 446333.0 (Anoka County Torrens), as amended by that certain First Amendment to City of Ramsey Master Development Agreement for Ramsey Town Center, dated February 28, 2005, recorded March 9, 2005 as Document No. 1973508.001 (Anoka County Abstract) and Document No. 482049.001 (Anoka County Torrens) (collectively, the "Master Development Agreement").

B. Seller and Purchaser have entered into that certain Purchase Agreement, dated as of March 30, 2005, as amended (collectively, the "Purchase Agreement"), with respect to a portion of the real property governed by the Master Development Agreement. The property subject to the Purchase Agreement that is the subject of this Agreement is legally described on the attached Exhibit A and referred to herein as the "Property."

C. Pursuant to the Purchase Agreement, Seller is required to perform "Seller's Work," which essentially requires Seller to deliver finished residential lots to Purchaser and accordingly, Seller shall be the Secondary Developer for the Property, although the Final Plans for the Property have not yet been approved by the City.

D. Pursuant to Section 14.1(a) of the Master Development Agreement, Seller may convey the Property to Purchaser if the City joins in an agreement with Seller and Purchaser describing the allocation of rights and obligations under the Master Development Agreement.

E. Seller and Purchaser desire that this Agreement serve as the agreement describing the allocation of rights and obligations under the Master Development Agreement.

F. As part of the development of Final Plans for the Property, Seller and the City shall enter into a Secondary Development Agreement that will implement the allocation of rights and obligations established hereby with respect to the Property.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Master Development Agreement. Purchaser acknowledges and agrees that the Property remains subject to the Master Development Agreement. Except to the extent expressly modified in this Agreement, Seller and Purchaser are both subject to all of the restrictions in the Master Development Agreement that relate to the Property. Seller remains liable for the performance of all of the Developer's obligations under the Master Development Agreement and the City remains liable to Seller for the performance of all of the City's obligations under the Master Development Agreement. Except as expressly set forth in this Agreement, Purchaser is not liable to the City for the performance of the Developer's obligations under the Master Development Agreement and the City is not liable to Purchaser for the performance of the City's obligations under the Master Development Agreement. Except as expressly set forth in this Agreement, any rights under the Master Development Agreement that this Agreement grants to Purchaser and any obligations under the Master Development Agreement that this Agreement imposes upon Purchaser relate only to the portions of the Property Purchaser actually acquires. Except as expressly set forth in this Agreement, if Purchaser does not acquire any portion of the Property, Purchaser shall acquire no rights and assume no obligations under the Master Development Agreement with respect to such portion of the Property.

2. Purchaser's Rights and Obligations under the Master Development Agreement. Purchaser's rights and obligations under the Master Development Agreement with respect to the Property shall be as follows:

a. Both Seller and Purchaser shall have the benefit of Section 4.7 of the Master Development Agreement, such that either Seller or Purchaser may enforce Section 4.7 against the City. Notwithstanding the foregoing, Purchaser may enforce Section 4.7 of the Master Development Agreement only with respect to that portion of the Property in which Purchaser has rights, either as equitable owner or fee owner. So long as Purchaser has rights in any portion of the Property as equitable holder, both Seller and Purchaser must consent, in writing, to any requested change to the RTC Controls that affect that portion of the Property. So long as Purchaser has rights in any portion of the Property as fee owner, Purchaser must consent, in writing, to any requested change to the RTC Controls that affect that portion of the Property.

b. Seller shall be solely responsible for obtaining all permits and payment of all fees associated with all permits required for development of the Property, except for the fees Purchaser has agreed to pay under the terms of the Purchase Agreement. Pursuant to the Purchase Agreement, Purchaser shall be solely responsible for the fees related to obtaining a building permit for each residential unit to be constructed on the Property (including the fee for issuance of each such building permit). Purchaser acknowledges and agrees that to obtain a building permit with respect to each of the

residential lots included within the Property, the City's requirements may include, without limitation, an obligation for Purchaser to (i) final grade the residential lots as required by the Final Plans; (ii) install utilities from the point Seller is required to stub the utilities pursuant to the Purchase Agreement to the point the utilities connect to the residential unit on each such residential lot; (iii) pave driveways and any sidewalks within each such residential lot, and; (iv) landscape each such residential lot.

3. Seller's Rights and Obligations under the Master Development Agreement.

Except to the extent provided otherwise in Section 2 above, Seller shall have all rights and obligations of the Developer under the Master Development Agreement with respect to the Property. Without limiting the generality of the foregoing, Seller agrees as follows with respect to the Property:

a. Any payments or obligations to the City arising under the Master Development Agreement or any Secondary Development Agreement relating to the Property are the sole responsibility of Seller, except to the extent Purchaser has expressly assumed such payments or other obligations in writing, including, without limitation, in the Purchase Agreement.

b. Seller agrees to mass grade all of the residential lots that Purchaser elects to purchase in accordance with the mass grading plan Seller has submitted to the City.

This Section 3 is an agreement between Seller and Purchaser, and is not binding on the City.

4. City Consent. The City hereby consents to the conveyance of the Property from Seller to Purchaser.

5. Purchase Agreement. The Purchase Agreement sets forth the rights and obligations of Seller and Purchaser with respect to each other. In the event of any ambiguity or contradiction between the terms of this Agreement and the Purchase Agreement, the terms of the Purchase Agreement shall control. This Section 5 shall not be binding upon the City.

6. Miscellaneous Provisions.

a. The terms, provisions, covenants, and agreements contained in this Agreement shall apply to, be binding upon, and inure to the benefit of, the parties hereto and their respective legal representatives, successors, and assigns.

b. The paragraph headings used in this Agreement are for convenience purposes only, and shall not be used in the interpretation of this Agreement.

c. Failure of a party to insist in any one or more instances upon the performance of any of the covenants, agreements, and/or conditions of this Agreement, or to exercise any right or privilege herein conferred shall not be construed as a waiver of any such covenant or condition.

d. This Agreement cannot be varied except by written agreement executed by Seller, Purchaser and the City.

e. If any items, terms, or provisions contained in this Agreement are in conflict with any applicable Federal, state, or local laws, this Agreement shall be affected only as to its application to such items, terms, or provisions, and shall in all other respects remain in full force and effect.

f. Nothing contained herein is intended to make, nor shall it ever be construed to make, Seller and Purchaser partners or joint venturers.

g. The provisions of this Agreement are severable, and if any provision or part hereof or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provisions or part hereof to other persons or circumstances shall not be affected thereby.

h. In the event Seller or Purchaser breaches any of the terms, provisions, covenants, or agreements contained in this Agreement and Seller and Purchaser become involved in litigation with regard to breach hereof, the prevailing party shall be entitled to be paid its reasonable attorneys' fees.

i. Purchaser represents and warrants to the City that Purchaser is a Minnesota limited liability company and is in good standing under the laws of the State of Minnesota. The individual executing this Agreement on behalf of Purchaser is duly authorized to execute this Agreement on behalf of Purchaser.

j. All capitalized terms used in this Agreement but not defined herein shall have the meanings set forth in the Master Development Agreement.

IN WITNESS WHEREOF, Seller, Purchaser and City have executed this Agreement in multiple copies, each of which shall be deemed to be an original, as of the date first above written.

SELLER:

RAMSEY TOWN CENTER, LLC

Telephone: 763-757-2926

Facsimile: 763-757-0649

By: _____

Name: _____

Its: _____

Date: _____

Bruce A. Nedegaard
BRUCE A. NEDEGAARD
CHIEF MANAGER

8-19-2005

PURCHASER:

K. HOVNANIAN T&C HOMES AT
MINNESOTA, L.L.C.

Telephone: 952-944-3455

Facsimile: 952-944-3437

By: _____

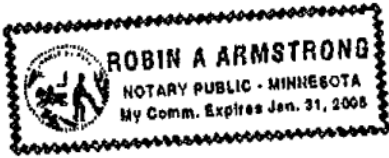
Name: _____

Its: _____

Date: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 19th day of August, 2005, by Bruce Nedegood, the Chief Manager of the RAMSEY TOWN CENTER LLC, a Minnesota limited liability company, on behalf of the company.



Robin A. C.
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2005, by _____, the _____ of the K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C., a Minnesota limited liability company, on behalf of the company.

Notary Public

e. If any items, terms, or provisions contained in this Agreement are in conflict with any applicable Federal, state, or local laws, this Agreement shall be affected only as to its application to such items, terms, or provisions, and shall in all other respects remain in full force and effect.

f. Nothing contained herein is intended to make, nor shall it ever be construed to make, Seller and Purchaser partners or joint venturers.

g. The provisions of this Agreement are severable, and if any provision or part hereof or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provisions or part hereof to other persons or circumstances shall not be affected thereby.

h. In the event Seller or Purchaser breaches any of the terms, provisions, covenants, or agreements contained in this Agreement and Seller and Purchaser become involved in litigation with regard to breach hereof, the prevailing party shall be entitled to be paid its reasonable attorneys' fees.

i. Purchaser represents and warrants to the City that Purchaser is a Minnesota limited liability company and is in good standing under the laws of the State of Minnesota. The individual executing this Agreement on behalf of Purchaser is duly authorized to execute this Agreement on behalf of Purchaser.

j. All capitalized terms used in this Agreement but not defined herein shall have the meanings set forth in the Master Development Agreement.

IN WITNESS WHEREOF, Seller, Purchaser and City have executed this Agreement in multiple copies, each of which shall be deemed to be an original, as of the date first above written.

SELLER:

RAMSEY TOWN CENTER, LLC

Telephone: 763-757-2926

Facsimile: 763-757-0649

By: _____

Name: _____

Its: _____

Date: _____

PURCHASER:

K. HOVNANIAN T&C HOMES AT
MINNESOTA, L.L.C.

Telephone: 952-944-3455

Facsimile: 952-944-3437

By:  _____

Name: Art Plante

Its: President

Date: 8-22-05

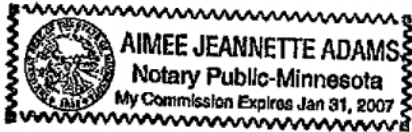
STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by _____, the _____ of the RAMSEY TOWN CENTER LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 22nd day of August, 2005, by Arthur Plante, the President of the K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C., a Minnesota limited liability company, on behalf of the company.



Aimee Jeannette Adams
Notary Public

EXHIBIT A
LEGAL DESCRIPTION

The following described property located in Anoka County, Minnesota:

Outlot U, Ramsey Town Center Addition

All that part of OUTLOT B, RAMSEY TOWN CENTER 2ND ADDITION, according to the recorded plat thereof, described as follows:

Beginning at the northwest corner of said OUTLOT B; thence on an assumed bearing of South 89 degrees 42 minutes 54 seconds East, along the northerly line of said OUTLOT B, for 607.10 feet; thence on a bearing of SOUTH for 247.47 feet to a southerly line of said OUTLOT B; thence on a bearing of WEST along said southerly line and its westerly extension for 616.21 feet to the westerly line of said OUTLOT B; thence North 07 degrees 21 minutes 03 seconds East, along said westerly line, for 4.51 feet to a point of curvature in said westerly line; thence northerly for 133.43 feet, along said westerly line, along a tangential curve concave to the west, radius 1040.00 feet and central angle 07 degrees 21 minutes 03 seconds, to a point of tangency in said westerly line; thence on a bearing of NORTH, along said westerly line, for 112.96 feet to the point of beginning.

#31541862

ANOKA COUNTY MINNESOTA

Document No.: 1977751.010 ABSTRACT

I hereby certify that the within instrument was filed in this
office for record on: 08-25 2005 2:15:00 PM

Fees Taxes In the Amount of: \$46.00

MAUREEN J. DEVINE

Anoka County Property Tax

Administrator Recorder Registrar of Titles

JMIII, Deputy

Abstract only

Record ID: 1593643