

CAPITAL CONTRIBUTION, SUBSIDY AND DEFICIENCY AGREEMENT

This Capital Contribution, Subsidy and Deficiency Agreement by and among the County of Passaic (the “*County*”), a body politic and corporate of the State of New Jersey (the “*State*”), The Passaic County Improvement Authority (including any successors and assigns, the “*Authority*”) and _____ (the “*Trustee*”) dated as of the ____ day of _____, 2024 (this “*Subsidy and Deficiency Agreement*”).

WITNESSETH:

WHEREAS, the Authority has been duly created by resolution duly adopted by the Board of County Commissioners (the “*Board of County Commissioners*”) of the County as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the “*Act*”), and other applicable law;

WHEREAS, the Passaic County Affordable Housing Corporation (the “*Corporation*”), a New Jersey not-for-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Code*”), proposes to acquire certain real estate (the “*Project Site*”) located in the Borough of Pompton Lakes (the “*Borough*”), and to construct thereon a multifamily rental housing project (the “*Housing Project*”), comprising approximately 65 one-bedroom units, exclusively for use by low and moderate income senior citizen households with preference for veterans and Borough residents;

WHEREAS, the Project Site is expected to be acquired by the Corporation pursuant to a Purchase and Sale Agreement dated _____, 202_ (the “*Purchase and Sale Agreement*”) between the County, as seller, and the Corporation, as buyer, as authorized by a resolution adopted by the Board of County Commissioners on December 28, 2021;

WHEREAS, pursuant to the Purchase and Sale Agreement, the Corporation has agreed to pay the purchase price for the Project Site in multiple installments over time (the “*Deferred Project Site Purchase Payments*”), as and when sufficient Project operating revenues are available for such payments;

WHEREAS, the Corporation expects to enter into a Housing Assistance Payments Contract (the “*HAP Contract*”) with the Passaic County Public Housing Agency (the “*Agency*”), by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the “*HAP Payments*”), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Housing Project;

WHEREAS, the Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Housing Project (the “*Rents*”), which rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations;

WHEREAS, in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “*LRHL*”), the governing body of the Borough has, by resolution adopted on April 28, 2021, designated a portion of the Borough, including the Project Site, as a non-condemnation area in need of redevelopment (the “*Redevelopment Area*”);

WHEREAS, in accordance with the LRHL, the governing body of the Borough has, by ordinance finally adopted on July 19, 2023, adopted a redevelopment plan governing the Redevelopment Area (the “*Redevelopment Plan*”);

WHEREAS, in accordance with the LRHL the Borough’s designated redevelopment entity, the Pompton Lakes Redevelopment Agency, has, by resolution adopted on _____, 202_, designated the Corporation as the redeveloper of the Project Site and authorized the execution and delivery of a redevelopment agreement with the Corporation, by which the Corporation has agreed to construct the Housing Project;

WHEREAS, in accordance with the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., the governing body of the Borough has, by ordinance finally adopted on _____, 202_, authorized the execution and delivery of a financial agreement with the Corporation, by which the Corporation has agreed to pay certain service charges in lieu of property taxes on the Project Site and the Project;

WHEREAS, pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, the Board of County Commissioners of the County has finally adopted an amended and restated guaranty ordinance on February 27, 2024 (the “*Guaranty Ordinance*”) in support of the redevelopment project consisting of the construction of the Housing Project by the Corporation;

WHEREAS, the County and the Authority have determined that it in their best interests to, among other things: (i) cause the Authority to issue its County of Passaic Guaranteed Revenue Bonds (Veterans Housing Project), Series 2024 (the *Series 2024 Bonds*) for the purpose of financing the costs of constructing the Housing Project, (ii) cause the County to adopt the Guaranty Ordinance, execute the hereinafter-defined Guaranty Agreement and execute a certificate of guaranty on the face of each Series 2024 Bond (collectively, the “*County Guaranty*”), authorizing the guaranty of the principal of and interest on the Series 2024 Bonds, (iii) cause the County to authorize and execute this Subsidy and Deficiency Agreement for the Series 2024 Bonds to provide for an initial County capital contribution and certain ongoing County subsidy payments and deficiency payments pursuant to N.J.S.A. 40:37A-79 of the Act as more fully described herein, and (iv) cause the County and the Authority to take any and all other actions deemed necessary, desirable and convenient in connection with matters detailed herein (collectively, the “*Series 2024 Project*”);

WHEREAS, the Series 2024 Bonds shall be sold by negotiated sale to _____, as underwriter (the “*Underwriter*”) of the Series 2024 Bonds, the terms of which sale shall be as set forth in that certain Bond Purchase Agreement (as defined herein);

WHEREAS, the Series 2024 Bonds shall be issued pursuant to the terms of that certain “RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF PASSAIC GUARANTEED REVENUE BONDS (SENIOR HOUSING PROJECT), SERIES 2024 OF THE PASSAIC COUNTY IMPROVEMENT AUTHORITY” adopted by the governing body of the Authority on February 28, 2024, as may be amended and supplemented from time to time in accordance with its terms, including by a certificate of an Authorized Officer of the Authority to be dated the date of issuance of the Series 2024 Bonds (collectively, the “*Bond Resolution*”), the Act and other applicable law;

WHEREAS, the payment of the principal (including mandatory sinking fund installments, if any) of, and interest (at interest rates not to exceed the maximum rates set forth in the Local Finance Board Application) on the Series 2024 Bonds, but not any redemption premium, shall be fully, unconditionally and irrevocably guaranteed in accordance with (i) the terms of the Guaranty Ordinance, (ii) a guaranty certificate to be executed by an authorized officer of the County within each Series 2024 Bond and (iii) a Guaranty Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Guaranty Agreement*”) by and between the County and the Authority, setting forth, among other things, the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in the Guaranty Ordinance and the Bond Resolution, all pursuant to Section 37 and other applicable law, which payments are included as part of the hereinafter-defined Trust Estate applicable to the Series 2024 Bonds pledged by the Authority to the Trustee under the Bond Resolution (the “*Trustee*”);

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the Authority and the Corporation will each enter into a Loan Agreement (the “*Loan Agreement*”), by which the Corporation will agree to make certain periodic loan repayments to the Authority (the “*Loan Repayments*”) in amounts that are sufficient, in both time and amount, to pay all debt service requirements in respect of the Bonds, taking into account various credits, as provided therein;

WHEREAS, the Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Rents and the HAP Payments;

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the County, the Authority and the Trustee will each enter into this Subsidy and Deficiency Agreement, setting forth, among other things, the rights to receive payment from the County, subject to annual appropriation, pursuant to N.J.S.A. 40:37A-79 of the Act, representing (i) an initial capital contribution in support of the Housing Project, (i.e., the hereinafter-defined Capital Contribution), (ii) certain scheduled payments to be made by the County in support of the Housing Project (i.e., the hereinafter-defined Subsidy Payments) and (iii) certain voluntary payments in the case of any Deficiency (as defined herein), prior to any mandatory payment under the County Guaranty (i.e., the hereinafter-defined Deficiency Payments);

WHEREAS, the debt service payable on the Series 2024 Bonds is expected to be paid from, and will be secured by, the revenues received by the Corporation, together with any Subsidy

Payments and Deficiency Payments made from time to time by the County;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, shall be secured by the Trust Estate (as defined in the Bond Resolution), including the above-referenced sources and any payments made from time to time by the County under the County Guaranty (the “*Guaranty Payments*”);

WHEREAS, pursuant to the Loan Agreement and the Bond Resolution, all revenues received by (or for the account of) the Corporation will be deposited with the Trustee, and will thereupon be used to make the Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves, pay the Deferred Project Site Purchase Payments to the County, and reimburse the County for any and all Deficiency Payments and Guaranty Payments;

WHEREAS, to further secure the payment of the Deferred Project Site Purchase Payments and the reimbursement of the Deficiency Payments and the Guaranty Payments, the Corporation will, simultaneously with the issuance and delivery of the Series 2024 Bonds, execute and deliver a Mortgage, Assignment of Leases and Rents, Security Agreement, Financing Statement, and Fixture Filing to be dated the date of issuance of the Series 2024 Bonds (the “*County Security Document*”), granting to the County a first lien mortgage on the Project Site and the Housing Project and a security interest in the Corporation’s personal property, accounts, rents and general intangibles, subject only to such lien (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments, and assigning to the County all leases and proceeds thereof, subject only to such assignment (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments;

WHEREAS, the County Security Document shall secure only the County, and shall not constitute security for the Series 2024 Bonds;

WHEREAS, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 of the U.S. Securities and Exchange Commission (“*Rule 15c2-12*”), the County will be required to enter into that certain County Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the County Continuing Disclosure Agreement, the Authority shall (i) not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, and (ii) be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority shall be required to provide such material events notices under the terms of the County Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, the Corporation, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, shall be required to enter into that certain Corporation Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024

Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Corporation Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, in accordance with the Act and N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, the Authority has made an application (the “*Local Finance Board Application*”) seeking findings and approval from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs;

WHEREAS, the Local Finance Board issued positive findings and approval in respect of the Local Finance Board Application at its meeting held on February 14, 2024;

WHEREAS, in order to market and sell the Series 2024 Bonds by negotiated sale the Authority shall have authorized (a) the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2024 Bonds (the “*Preliminary Official Statement*”); (b) the execution and delivery of a bond purchase agreement (the “*Bond Purchase Agreement*”) with the Underwriter to purchase all or a portion of the Series 2024 Bonds; and (c) the execution and delivery of a final Official Statement incorporating the terms of the sale of the Series 2024 Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”, and together with the Preliminary Official Statement, and the Bond Purchase Agreement, and any of the same or other offering or sale documents that may be required, the “*Sale Documents*”);

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), the Authority has heretofore made a detailed report regarding the Series 2024 Project to the Board of County Commissioners, consisting of the Local Finance Board Application, which includes, without limitation, descriptions of the Series 2024 Bonds, the Bond Resolution, the Loan Agreement, the County Security Document, the County Continuing Disclosure Agreement, the Corporation Continuing Disclosure Agreement, the County Guaranty, the Guaranty Agreement, this Subsidy and Deficiency Agreement and, as applicable, the Sale Documents (collectively, the “*Financing Documents*”), and which report and amended report has been accepted by the County by resolution adopted by the Board of County Commissioners on December 28, 2023 pursuant to Section 13;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements herein set forth and the respective undertakings of each party to the other, the County, the Authority and the Trustee, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 101. Certain Definitions. Capitalized words and terms which are used in this Subsidy and Deficiency Agreement as defined terms shall, unless otherwise defined herein or unless a different meaning clearly appears from the context, having the meanings which are set forth below in the preambles hereto.

Section 102. Terms Generally. Whenever the context may require, any pronoun which is in this Subsidy and Deficiency Agreement shall include the corresponding masculine, feminine and neuter forms and the singular shall include the plural and vice versa. Unless otherwise noted, the words “include”, “includes”, and “including” which are used in this Subsidy and Deficiency Agreement shall be deemed to be followed by the phrase “without limitation”. The words “agree”, “approval” and “consent” which are used in this Subsidy and Deficiency Agreement shall be deemed to be followed by the phrase “which shall not be unreasonably withheld or unduly delayed” except as may otherwise be specified”.

Section 103. Short Title. This Subsidy and Deficiency Agreement may hereafter be cited and is herein sometimes referred to as the “Subsidy and Deficiency Agreement”.

ARTICLE II

CAPITAL CONTRIBUTION; SUBSIDY PAYMENTS BY THE COUNTY

Section 201. The County hereby agrees to make a capital contribution (the “*Capital Contribution*”) to the Corporation toward the eligible costs of acquisition, construction, furnishing and equipping of the Housing Project (the “*Project Costs*”) in an amount equal to Five Million One Hundred Thousand Dollars (\$5,100,000), or such lesser amount as is needed in order to provide for payment of all Project Costs after taking into account, and first applying, all other sources of funding for the Project Costs (including Series 2024 Bond proceeds and the Authority’s \$3,853,784 cash contribution), to the extent such sources are not earmarked for issuance expenses or capitalized interest (the “*Other Funding Sources*”). The Capital Contribution shall be made by the County at the times and in the manner herein set forth; provided, that no payment(s) shall be made until an appropriation therefor has been made by the Board of County Commissioners in accordance with law. The Capital Contribution may be payable in a single installment or in multiple installments, and when made shall be paid over to the Trustee for deposit into a segregated fund or account held under the Bond Resolution, not subject to the lien and pledge in favor of the Authority or the holders of the Series 2024 Bonds (the “*Capital Contribution Account*”).

Amounts in the Capital Contribution Account may be invested from time to time by the Trustee, with all earnings thereon credited to such account. Amounts in the Capital Contribution Account shall be applied solely toward the payment of Project Costs following depletion of the Other Funding Sources, as provided herein. Upon completion of the Housing Project, the Trustee shall promptly pay over to the County any remaining balance in the Capital Contribution Account.

On or before the date of issuance of the Series 2024 Bonds, the Authority shall provide the County with a proposed drawdown schedule for the Project Costs, showing in detail the projected application of the Other Funding Sources and, to the extent needed, the Capital Contribution. The Authority shall thereafter provide to the County updates of such schedules (on at least a quarterly basis) through the completion of the Housing Project.

Upon the issuance of the Series 2024 Bonds, the County may cause to be paid to the Trustee, for deposit in the Capital Contribution Account, all or a portion of the projected Capital Contribution. To the extent not so deposited, the County shall, subject to appropriation as aforesaid, make one or more subsequent payments to the Trustee, for deposit and application as aforesaid, in such amounts and at such times as may be needed in order to provide for the timely payment of Project Costs (following depletion of the Other Funding Sources).

The Authority and the Trustee each hereby agree to provide to the County monthly reports as to the investment and expenditure of funds in the Capital Contribution Account, together with such additional information as may be requested by the County from time to time in order to comply with such reporting requirements as may be imposed upon the County by the respective funding sources for such Capital Contribution.

Section 202. In formulating the proposed annual County budget for each of the following fiscal years, the chief financial officer of the County shall include the following scheduled annual subsidy payments (the “*Subsidy Payments*”) pursuant to N.J.S.A. 40A:37A-79 and this Subsidy

ARTICLE III

NOTICE OF ANTICIPATED DEFICIENCY; COUNTY APPROPRIATION

Section 301. On the date of issuance of the Series 2024 Bonds, and on January 15 of each year thereafter, the Authority shall provide to the County (i) a statement as to the aggregate amount of debt service payable on the Series 2024 Bonds on each Interest Payment Date and Principal Payment Date falling within such fiscal year (the “*Debt Service Forecast*”) and (ii) its written report (the “*Annual Revenue Projection*”) containing its good faith estimate of the amount of Revenues (as defined in the Bond Resolution) and other moneys projected to be available in support of debt service payable on the Series 2024 Bonds on each Interest Payment Date and Principal Payment Date falling within such fiscal year. Such Annual Revenue Projection shall, to the extent practicable, identify the amounts projected to be so available on each such date by their respective sources (i.e., Rents, HAP Payments, Subsidy Payments, other).

Section 302. Upon receipt of the Debt Service Forecast and Annual Revenue Projection, the chief financial officer of the County shall compute, for each such Interest Payment Date and Principal Payment Date, the amount (if any) by which the amount of said projected debt service payments exceed the amount of said projected Revenues and other available moneys (such excess, if any, for all such Interest Payment Dates and Principal Payments Dates during such fiscal year being the “*Projected Deficiency*” for such fiscal year). If a Projected Deficiency is indicated, the chief financial officer of the County shall forthwith transmit to the Board of Chosen Commissioners for its consideration the amount of such Projected Deficiency, together with copies of the Debt Service Forecast and Annual Revenue Projection.

Section 303. The Board of Chosen Commissioners may (but shall not be obligated to) include all or any portion of the Projected Deficiency in its annual operating budget, and/or in any temporary or emergency appropriation. The County shall provide prompt notice of any such appropriation action to the Authority and the Trustee. To the extent funds are so appropriated by the Board of Chosen Commissioners, it shall be the duty of the chief financial officer to pay over to the Trustee such amounts (if any) as may be required during such fiscal year pursuant to Section 301 hereof. On the thirtieth (30th) day following the last Interest Payment Date or Principal Payment Date during such fiscal year, but in any event not later than the last day of such fiscal year, the chief financial officer shall (unless otherwise directed by resolution of the Board of Chosen Commissioners) pay an amount equal to the amount of such unspent appropriation to the Authority, which shall deposit the amount so paid into the County Security Fund for application toward any of the purposes for which such fund may be used.

Section 304. Unless otherwise directed in writing by the chief financial officer of the County, the Authority and the Trustee shall allocate all Revenues (other than Subsidy Payments, Deficiency Payments and Guaranty Payments, all of which shall secure only the Series 2024 Bonds) to the debt service in respect of Series 2024 Bonds and any future series of Additional Bonds on a pro-rata basis.

ARTICLE IV

DEFICIENCY PAYMENTS BY THE COUNTY

Section 401. Whenever the County receives a notice from the Trustee pursuant to Section 5 of the Guaranty Agreement that a “Deficiency” (as defined therein) exists, or if the County is otherwise informed of the existence of such Deficiency, then the County, but only to the extent funds shall have been appropriated for such purpose (whether in accordance with Section 303 hereof or otherwise) shall, prior to any required payment of such Deficiency under the Guaranty Agreement, make a payment in an amount equal to all or any portion of such Deficiency (each, a “*Deficiency Payment*”), pursuant to N.J.S.A. 40A:37A-79 and this Subsidy and Deficiency Agreement. Any such Deficiency Payment shall be paid to the Trustee no later than two (2) Business Days prior to the Interest Payment Date or the Principal Payment Date, as applicable, of the Series 2024 Bonds.

Section 402. If a Deficiency Payment is made by the County pursuant to Section 401 hereof on or in respect of any Interest Payment Date or Principal Payment Date, with respect to the Series 2024 Bonds only, the County may, in its sole discretion determine to exercise its right to cause the defeasance of all or a portion of the Series 2024 Bonds, which defeasance is contemplated by Article XII of the Bond Resolution. In any such instance, the County may establish the defeasance date at any time, with written notice to the Authority and the Trustee and otherwise in accordance with the terms of the Bond Resolution. Nothing in this Section 402 is intended to diminish the County’s right to reimbursement, including those rights set forth in Section 404 hereof.

Section 403. Subject to Section 402 hereof, when notice has been provided (or knowledge has been obtained) as described above, the County may take any necessary actions to make payment of all or any portion of the Deficiency to the Trustee as provided in Section 401 hereof. Such actions may include the adoption of an emergency appropriation or an emergency temporary appropriation and the funding of such appropriation in accordance with the requirements of the Local Budget Law (N.J.S.A. 40A:4A-1 et seq.), the levy of *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount, or any other actions that are legally permitted to be taken (including the adoption of a bond ordinance pursuant to the provisions of the Local Bond Law (N.J.S.A. 40A:2-1 et seq.)).

Section 404. (a) The Authority hereby covenants to the County that in the event the County makes any Deficiency Payments under this Subsidy and Deficiency Agreement, the Authority shall be obligated and shall take all actions within its power (in accordance with the terms of the Act) so as to enable the County to be reimbursed, to the maximum extent practicable, up to the amount that shall have been paid by the County pursuant to the terms of this Article IV (i.e., the Deficiency Payments), at the earliest practicable date. The Authority shall not be obligated to reimburse the Deficiency Payments from funds within its general control that are not contemplated by the Financing Documents; the Authority, shall, however, pay or cause the Deficiency Payments to be reimbursed any past due Loan Repayments it receives from the Corporation.

ARTICLE V

MISCELLANEOUS

Section 501. Enforcement and Obligation of Payment. The parties hereto acknowledge that this Subsidy and Deficiency Agreement shall be assigned to the Trustee for the benefit of the holders of the Series 2024 Bonds and the County. Every obligation which is assumed by or imposed upon the County by the terms of this Subsidy and Deficiency Agreement shall be enforceable by the Trustee, by appropriate action or proceeding, and the Trustee may have and pursue any and all remedies which are provided by law for the enforcement of every such obligation, including the remedies which are provided by the Act with respect to collection of such overdue amounts.

Section 502. Effect of Breach. Failure on the part of the Trustee in any instance or under any circumstance to observe or fully perform any obligation which is assumed by or imposed upon it by the terms of this Subsidy and Deficiency Agreement, or by law, shall not make the Trustee liable in damages to the Authority or relieve the County of its obligations to make any payment to the Trustee or to fully perform any other obligation which is required of it under the terms of this Subsidy and Deficiency Agreement.

Section 503. Pledge or Assignment. Except as provided herein, this Subsidy and Deficiency Agreement may not be assigned without the prior written consent of the County and of all other parties hereto.

Section 504. Term of Subsidy and Deficiency Agreement. This Subsidy and Deficiency Agreement shall terminate, unless otherwise extended by the mutual consent of the County and of the parties hereto on the earlier to occur of (a) the final payment of all Series 2024 Bonds (b) the redemption in whole of all Series 2024 Bonds prior the final payment thereof, and (c) issuance of refunding bonds issued to refund all Series 2024 Bonds which are outstanding as of such date and which are entitled to the benefits of this Subsidy and Deficiency Agreement; provided, however, any amount owing the County hereunder has been satisfied.

Section 505. Modifications. The provisions of this Subsidy and Deficiency Agreement shall (a) constitute the entire Subsidy and Deficiency Agreement between the parties for or with respect to the matters described herein and (b) be modified, unless provided herein to the contrary, only by a written amendment to this Subsidy and Deficiency Agreement duly executed by all parties.

Section 506. Headings. Captions and headings in this Subsidy and Deficiency Agreement are for ease of reference only and do not constitute a part of this Subsidy and Deficiency Agreement.

Section 507. Governing Law. This Subsidy and Deficiency Agreement and any questions concerning its validity, construction or performance shall be governed by the laws of the State, irrespective of the place of execution or of the order in which the signatures of the parties are affixed or of the place or places of performance.

Section 508. Counterparts. This Subsidy and Deficiency Agreement may be executed in more than one counterpart, each of which shall be deemed to be an original.

Section 509. Severability. In the event that any provision of this Subsidy and Deficiency Agreement shall, for any reason, be determined to be invalid, illegal, or unenforceable in any respect the parties hereto shall negotiate in good faith and agree to such amendments, modifications, or supplements or to this Subsidy and Deficiency Agreement or to such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties reflected herein, and other provisions of this Subsidy and Deficiency Agreement shall, as so amended, modified, supplemented, or otherwise affected by such action, remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate seals to be hereunto affixed hereto and attested and this Subsidy and Deficiency Agreement be signed by their respective officers duly authorized and this Subsidy and Deficiency Agreement be dated as of the day and year first above written.

**COUNTY OF PASSAIC, NEW
JERSEY**

**[SEAL]
ATTEST**

**By: _____
Name: Louis E. Imhoff III
Title: Clerk, Board of
County Commissioners**

**By: _____
Name: Pat Lepore
Title: Commissioner-Director**

**THE PASSAIC COUNTY
IMPROVEMENT AUTHORITY**

**[SEAL]
ATTEST**

**By: _____
Name: Michael R. F. Bradley
Title: Secretary**

**By: _____
Name: Dennis Marco
Title: Chairman**

_____, as
Trustee

ATTEST:

**By: _____
Name:
Title:**

**By: _____
Name:
Title:**