

MEMORANDUM OF UNDERSTANDING

BETWEEN

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

AND

In recognition of their relationship and until such time as this Memorandum may be superceded, the New Jersey Health Care Facilities Financing Authority (the "Authority") and _____ (the "Institution"), do hereby mutually covenant and agree as follows:

(1) That the Institution is applying to the Authority for possible assistance in the form of financing through Bonds or Notes of the Authority to be sold for the benefit of the Institution;

(2) That the Institution has complied with and will maintain compliance with the Health Care Facilities Planning Act, (N.J.S.A. 26:2H-1 et seq.) and the New Jersey Health Care Facilities Financing Authority Act, (N.J.S.A. 26:2I-1 et seq.);

(3) That the Institution shall remit to the Authority a non-refundable application fee equal to 1/2 (one-half) of the estimated annual fee concurrently with this agreement; provided that this sum shall be credited against the annual fee if a transaction is completed or forfeited to the Authority in the event that no closing takes place;

(4) That the Institution shall provide a financial feasibility study if one is required by the Authority's policy related to financial feasibility studies, as stipulated in the Authority Resolution enclosed as Exhibit A. If required, such feasibility study shall be submitted to the Authority prior to any Authority action related to the sale of Bonds or Notes. The cost of such study shall be borne by the Institution;

(5) That the Institution shall be responsible for any costs, fees or other expenses incurred directly by the Institution as well as any costs, fees or other expenses incurred by the Authority relating to the Institution. Such expenses may include but not be limited to legal fees, including Authority bond counsel, costs of printing of certain documents which relate specifically to the Institution, and fees incurred to obtain ratings for the Bonds or Notes to be sold for the benefit of the Institution;

(6) That the Institution may be reimbursed by the Authority for certain of such expenses, if the Authority and the Institution shall so agree, in writing, but any such reimbursement may be made only from monies of the Authority received as proceeds from the issuance of Bonds or Notes of the Authority sold for the benefit of the Institution;

(7) The method by which bonds will be sold and the firms which will provide investment banking/financial advisory/placement agent/co-manager or other services will be selected in accordance with Authority policies and procedures established to implement Executive Order No. 26, a copy of which is enclosed as Exhibit B.

(8) That if the transaction is completed, the Institution and the Authority will enter into a tax regulatory agreement (the "Tax Regulatory Agreement") for the purposes of meeting the low and moderate income occupancy requirements of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), which governs qualified residential rental projects. To qualify as such a project, either (A) 20% or more of the units in the project must be occupied by residents whose family income does not exceed 50% of median gross income for the area during the "qualified project period" as defined in Section 142(d)(2)(A) of the Code or (B) 40% or more of the units in the project must be occupied by residents who family income does not exceed 60% of median gross income for the area during such period, ((A) or (B) being elected at the time of issuance of the bonds). Pursuant to the Tax Regulatory Agreement, the Institution will be required to file certain documents and information with the Authority to evidence the Institution's compliance with the requirements of Section 142(d) of the Code. In addition, it will pay the Authority a monitoring fee, currently at \$420 per unit, per year, for so long as the facility is subject to the qualified project period.

(9) The Institution hereby certifies that the information contained in the Financing Questionnaire attached hereto as Exhibit C is true and complete in all material respects as of the date hereof.

(10) That the parties hereto agree that this Memorandum of Understanding sets forth legal and binding obligations of both the Authority and the Institution, but is not intended to preclude continuing negotiations and review of documentation between the parties which may result in a new agreement between the parties; and

(11) That the parties further agree that this Memorandum shall be governed by the laws of the State of New Jersey.

The Authority and the Institution each will signify their acceptance of the terms and conditions of this Memorandum by causing its execution, in duplicate, in the appropriate spaces provided below.

**NEW JERSEY HEALTH CARE FACILITIES
FINANCING AUTHORITY**

Dated: _____

By: _____

Dated: _____

By: _____