

APPENDIX M

FORM OF MORTGAGE SECURING PAYMENT OF  
RECAPTURE NOTE IN FAVOR OF THE STATE,  
REQUIRED BY SECTION 5:80-26.5(c)

State of New Jersey  
Department of Community Affairs

Affordable Housing Program

Repayment Mortgage

**DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH  
RESTRICTIONS ON RESALE AND REFINANCING**

To Secure Payment of Amounts Due  
Upon First Non-Exempt Sale  
After Expiration of Control Period

THIS MORTGAGE, made on this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, (the "OWNER") and THE STATE OF NEW JERSEY, acting by and through its Commissioner of the Department of Community Affairs (the "STATE"), in connection with the property described herein (the "PROPERTY");

Article 1.                   REPAYMENT MORTGAGE NOTE

In consideration of value received, the Owner has signed a Recapture Mortgage Note (the "Note") dated \_\_\_\_\_. The Owner promises to pay to the State amounts due under the Repayment Mortgage Note, and to abide by all obligations contained therein.

Article 2.                   MORTGAGE AS SECURITY FOR AMOUNT DUE

This Mortgage is given to the State as security for the payment required to be paid upon the first non-exempt sale of the Property, as provided under the rules of the New Jersey Housing and Mortgage Finance Agency set forth in N.J.A.C. 5:80-26.1 et seq. Upon the first non-exempt sale of the Property after the date of this Note, the Owner, or the heir, successor or assignee of the

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Owner then selling the Property, shall pay the sum of \$[insert amount determined pursuant to N.J.A.C. 5:80-26.5(c)] to the State of New Jersey, acting by and through the Department of Community Affairs. The obligation evidenced by this note shall not accrue interest.

Article 3. PROPERTY DESCRIPTION

All of the land and improvements thereon located in the municipality of \_\_\_\_\_ in the County of \_\_\_\_\_, State of New Jersey (hereinafter the "Property"), described more specifically as Block No. \_\_\_\_\_ Lot No. \_\_\_\_\_, and known by the street address:

\_\_\_\_\_  
\_\_\_\_\_

Article 4. RIGHTS GIVEN TO STATE

The Owner, by mortgaging the Property to the State, gives the State those rights stated in this Mortgage, and all the rights the law gives to the State under Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq.*). The rights given to the state are covenants running with the land. The rights, terms and restrictions in this Mortgage shall bind the Owner and all subsequent purchasers and owners of the Property, and the heirs and assigns of all of them. Upon performance of the promises contained in Note and Mortgage, the State will prepare and deliver to the then current owner of record a quitclaim deed or other document of release.

Article 5. DEFAULT

The State may declare the Owner in default on this Mortgage and on the Note if:

1. The Owner attempts to convey an interest in the Property without giving prior written notice to the State;
2. The ownership of the Property is changed for any reason other than in the course of an exempt sale;
3. The Owner fails to make any payment required by the Note;
4. The holder of any lien on the Property starts foreclosure proceedings; or
5. Bankruptcy, insolvency or receivership proceedings are commenced by or against the Owner.

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Article 6. STATE'S RIGHTS UPON DEFAULT

If the State declares that the Note and this Mortgage are in default, the State shall have all of the rights given by law or set forth in this Mortgage.

Article 7. NOTICES

*ALL NOTICES MUST BE IN WRITING AND PERSONALLY DELIVERED OR SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESSES GIVEN IN THIS MORTGAGE. ADDRESS CHANGES MAY BE MADE UPON WRITTEN NOTICE, MADE IN ACCORDANCE WITH THIS ARTICLE 7.*

Article 8. NO WAIVER BY STATE

The State may exercise any right under this Mortgage or under any law, even if the state has delayed in exercising that authority, or has agreed in an earlier instance not to exercise that right. The State does not waive its right to declare the Owner is in default by making payments or incurring expenses on behalf of the Owner.

Article 9. EACH PERSON LIABLE

The Mortgage is legally binding upon each Owner individually and all their heirs, assigns, agents and designees who succeed to their responsibilities. The State may enforce any of the provisions of the Note and of this Mortgage against any one or more liable individual.

Article 10. SUBORDINATION

This Mortgage will not be subordinate, and will not be subordinated by the State, to any mortgage, refinancing, equity loan, secured letter of credit, or any other obligation secured by the Property, except with respect to (a) any such obligation which was duly recorded prior to the recording hereof, and (b) any such obligation which, when added to all other such obligations recorded against the Property, shall result in total debt secured by the Property being an amount less than the maximum resale price that would be applicable were the Control Period still in effect.

Article 11. SUBSEQUENT OWNERS

This Mortgage shall not be released, with respect to any subsequent owner who acquires the property through an exempt transfer unless the transferee shall execute a note and mortgage in the form of the Note and this Mortgage, and the same has been duly recorded.

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Article 12. AMENDMENTS

No amendment or change to the Note and this Mortgage may be made, except in a written document signed by both parties and approved by the administrative agent appointed pursuant to N.J.A.C. 5:80-26.1 et seq..

Article 13. SIGNATURES

By executing this Mortgage on page 3, hereof, the Owner agrees to all of its terms and conditions.

Article 14. ACKNOWLEDGEMENT

The Owner acknowledges receipt of a true copy of this Mortgage, at no charge to the State.

IN WITNESS WHEREOF, the Owner(s) has executed this Mortgage for the purposes stated herein.

ATTEST:

\_\_\_\_\_

\_\_\_\_\_  
Signature of (Owner)

\_\_\_\_\_  
Signature (Co-Owner)

STATE OF NEW JERSEY )

) ss:

COUNTY OF \_\_\_\_\_ )

BE IT REMEMBERED, that on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ the subscriber \_\_\_\_\_ appeared personally before me *(If more than one person signed the foregoing mortgage and appeared before me, the words "the subscriber" and "the Owner" shall include all such persons)* and who, being duly sworn by me, deposed and made proof to my satisfaction (i) that he/she is the Owner named in the foregoing mortgage and (ii) and that he/she has executed said mortgage with respect to the Property and for the purposes described and set forth therein.

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Sworn to and subscribed before me, \_\_\_\_\_ on the date  
set forth above.

\_\_\_\_\_  
NOTARY PUBLIC