

APPENDIX L

FORM OF RECAPTURE MORTGAGE NOTE IN FAVOR
OF THE STATE, REQUIRED BY N.J.A.C. 5:80-26.6(d)
STATE OF NEW JERSEY
RECAPTURE MORTGAGE NOTE
IN CONNECTION WITH PAYMENT OF AMOUNTS DUE
UPON FIRST NON-EXEMPT SALE
AFTER EXPIRATION OF CONTROL PERIOD

THIS NOTE is dated as of _____. For value received _____ (the “Owner”) promises to pay to _____ (the “_____”) <insert name, address, and defined term of applicable payee>, the amounts specified in this Note and promises to abide by the terms and conditions set forth below.

Article 1. REPAYMENT MORTGAGE

As security for the payment of amounts due under this Note and the performance of all promises contained herein, the Owner is giving _____ <insert defined term of applicable payee> a Repayment Mortgage to Secure Payment of Amounts Due Upon First Non-Exempt Sale After Expiration of Control Period dated _____ (the “Mortgage”), on the property described below (the “Property”). The Mortgage encumbers real estate owned by the Owner. The Mortgage will not be subordinate, and will not be subordinated by _____ <insert defined term of applicable payee>, to any mortgage, refinancing, equity loan, secured letter of credit, or other obligation secured by the Property, except with respect to (a) any such obligation that was duly recorded prior to the recording hereof, and (b) any such obligation that, when added to all other such obligations recorded against the Property, will result in total debt secured by the Property being an amount less than the MRP that would be applicable were the Control Period still in effect, as those terms are defined in Article 2 of the Mortgage.

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Article 2. OWNERS PROMISE TO PAY AND OTHER TERMS

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 Owner then selling the Property, shall pay the recapture amount, currently \$_____ <insert amount determined pursuant to N.J.A.C. 5:80-26.6, which is the difference between \$_____, the restricted price of the Property at the time of initial sale, and \$_____, the non-restricted, fair market value of the Property at the time of initial sale,> to _____ <insert defined term of applicable payee>. Pursuant to N.J.A.C. 5:80-26.6(d)1iv, the final recapture amount will be determined upon exit sale, and will be equal to the difference between the restricted price of the Property at the time of exit sale and the contract price at the exit sale of the Property, minus reasonable real estate broker fees (the “price differential”) minus the product of the price differential and the equity share, with the equity share being the whole number of years that have elapsed since the last non-exempt sale of the Property, divided by 100, except that the equity share may not be less than five percent and may not exceed 30 percent (the “equity share amount”). At its sole discretion, _____ <insert defined term of applicable payee> may determine another final recapture amount, which must be less than the price differential minus the equity share amount. The obligation evidenced by this Note will not accrue interest and will be reduced by the cumulative dollar value of capital improvements made after the date hereof for improvements and/or upgrades to the Property, as may be approved by the administrative agent for the Property, excluding capital improvements paid for by _____ <insert defined term of applicable payee>.

The obligation evidenced by this Note will not accrue interest and will be reduced by the cumulative dollar value of capital expenditures made after the date hereof for improvements and/or upgrades to the Property, as may be approved by the administrative agent for the Property, excluding capital expenditures paid for by _____ <insert defined term of applicable payee>.

Article 3. PROPERTY DESCRIPTION

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All of the land and improvements thereon located in the municipality of _____,
_____ County, New Jersey, described more specifically as Block No. ____, Lot No. ____,
and known by the street address: _____.

Article 4. WAIVER OF FORMAL ACTS

The Owner waives their right to require _____ <insert defined term of applicable
payee> to do any of the following before enforcing its rights under this Note:

1. To demand payment of amount due (known as Presentment).
2. To give notice that amounts due have not been paid (known as Notice of Dishonor).
3. To obtain an official certificate of non-payment (known as Protest).

Article 5. RESPONSIBILITY UNDER NOTE

All Owners signing this Note are jointly and individually obligated to pay the amounts due and to
abide by the terms and conditions of this Note. _____ <insert defined term of applicable
payee> may enforce this Note against any one or more of the Owners or against all Owners together.

The Owner agrees to the terms of this Note by signing below.

ACKNOWLEDGEMENT

Owner acknowledges receipt of a true copy of the Mortgage and this Note at no charge.

Dated:

ATTEST:

By:

Signature (Owner)

Signature (Owner)

STATE OF NEW JERSEY)

) ss.:

COUNTY OF _____)

On this the ____ day of _____, 20__ before me came _____, who acknowledged and made proof to my satisfaction that they are the Owner named in this Note, and that they executed this Note for the purposes set forth therein, sworn to and subscribed to in my presence on this date.

Sworn to and subscribed before me this the ____ day of _____, 20__.

A Notary Public/Attorney of the State of New Jersey