

MORTGAGE NOTE
SMART START LOAN PROGRAM 4 Year Forgivable (Over 80% Income)

Place of Making:

Date:

BORROWER

(from now on called the "borrower")
is borrowing money from

LENDER

New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue. P.O. Box 18550
Trenton, New Jersey 08650-2085

(from now on called the "Lender")

The word "Borrower" includes all borrowers under this Second Mortgage Note (from now on called the "Note"). The Lender and any other holder of this Note may transfer this Note. The word Lender includes the original Lender and anyone who takes this Note by transfer.

LOAN PURPOSE The Lender has agreed to make this loan to assist the Borrower to pay downpayment and/or closing costs with respect to purchase of the property located at _____, in the municipality of _____, AKA Block No. _____ Lot No. _____ on the municipality tax map (the "Premises").

BORROWER PROMISES TO PAY AND TERM: In return for this loan, the Borrower promises to pay to the order of the Lender the sum of _____ Dollars (\$) (from now on called the "principal") together with interest at a rate that will be the same as the first mortgage loan made by the Lender to the Borrower on the same date as the Note.

The Borrower shall make payment to the Lender at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085 or at such other place as is designated by the lender.

May 31, 2007 (Revised 12/11/2008)

U:/ Smart Start/12-15-2008 NJHMFA Bulletin - Revised Smart Start Notes Attachment 3.docx

PREPAYMENT: The Borrower may repay the unpaid principal in full or in part at any time before it is due. This is known as prepayment. No penalty shall be charged.

If the Borrower continuously resides in the premises, as his/her principal residence for four (4) years from the date of the closing of the loan the principal on this Note will have been deemed satisfied and the Lender will provide the Borrower with a cancellation of mortgage or release of lien.

If the Borrower conveys, refinances or ceases to occupy the Premises as his/her principal residence, full repayment of principal will be due as follows:

- Months 1 through 12 100% of the principal is due.
- After the **12th month**, 25% of this principal on this Note will be deemed satisfied and the remaining balance will be re-amortized.
- After the **24th month**, 25% of this principal on this Note will be deemed satisfied and the remaining balance will be re-amortized.
- After the **36th month**, 25% of this principal on this Note will be deemed satisfied and the remaining balance will be re-amortized.
- After the **48th month** this entire Note will be satisfied and discharged.

SECURED NOTE This Note is secured by a second mortgage of even date herewith.

**LENDER'S
RIGHT OF
ACCELERATION**

The Lender may declare the unpaid principal under this Note due immediately for any cause that gives the Lender the right of acceleration under the mortgage which secures this Note or under any mortgage lien which is superior to this mortgage, provided, however, that foreclosure has commenced under the superior mortgage.

If the Lender declares acceleration the borrower shall pay for the Lender's costs of collection and reasonable attorney's fees.

The Lender's failure to accelerate for any cause shall not prevent the Lender from doing so for a later occurring cause.

**COSTS OF
COLLECTION**

If the Borrower fails to repay this loan in accordance with the Borrower's Promise to Pay and at times required by this Note the Borrower shall pay the Lender's cost of collection and reasonable attorney's fees.

**WAIVER OF
FORMAL ACTS**

Except as may be required by law, the Lender does not have to do any of the following before enforcing the Lender's rights.

- (a) demand payment of amounts due (known as Presentment);
- (b) give notice that amounts due have not been paid (known as Notice)

of Dishonor); and

(c) obtain an official certificate of non-payment (known as a protest).

RESPONSIBILITY UNDER NOTE If more than one Borrower signs this note, each one is obligated to pay the amount due under the Note. The Lender may enforce this Note against any one or more Borrowers or against all Borrowers together.

CHANGE This Note cannot be changed except in writing signed by the Borrower and the Lender.

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

Witnessed: _____ L.S.

_____ L.S.
