

SEP 19 2001

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ACRES LAND TITLE AGENCY INC.
P.O. Box 769
286 Essex St.
Millburn, NJ 07041

HUD No. 30186-09997
Project: 031-98005
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Case No. 245650

**Assisted Living of Wall Township
HMFA #1210**

FIRST MORTGAGE



875748

Section 1. PARTIES

This Mortgage (the "First Mortgage"), is made this 17th day of September, 2001, by **ASSISTED LIVING OF WALL TOWNSHIP L.L.C.** (the "Borrower"), a limited liability company, organized and existing under the laws of the State of New Jersey, duly authorized to transact business in the State of New Jersey, and a qualified housing sponsor within the meaning of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended N.J.S.A. 55:14K-1 et seq., (the "Act"), having its principal office at 253 Passaic Avenue, Fairfield, NJ 07004 and given to the **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**, (the "Lender"), a body corporate and politic and an instrumentality exercising public and essential governmental functions of the State of New Jersey, created pursuant to the Act, having its principal office at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

Section 2. DEFINITIONS

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Financing, Deed Restriction and Regulatory Agreement (the "Regulatory Agreement") executed between the Borrower and Lender of even date herewith.

Section 3. BACKGROUND AND PURPOSE

The Borrower has constructed and/or rehabilitated and shall own, maintain, and operate the Project and the Land. The Project consists of 108 units of housing in the Municipality of Wall, County of Monmouth, State of New Jersey. To obtain financing for the Project, the Borrower has applied to the Lender for a First Mortgage Loan pursuant to the provisions of the Act. The Project and the Land constitute a "housing project" as defined in the Act.

In connection with its application for the First Mortgage Loan, the Borrower has furnished to the Lender Project information, including the description of the Land on which the Project is to be situated, plans and specifications for the construction and/or rehabilitation of the Project, the tenant population which is to be housed in the Project, the number of units of each type to be included therein, the estimated cost of providing the Project, information as to the projected income and expenses of the Project once completed and placed in operation and arrangements for the payments in lieu of taxes with respect to the Project. In approving the application and as a basis for providing the First Mortgage Loan, the Lender has relied upon all of the foregoing Project information. This Mortgage operates as a "Fixture Filing" under the Uniform Commercial Code, N.J.S.A. 12A:9-502.

1	M. CLAIRE FRENCH COUNTY CLERK MONMOUTH COUNTY NEW JERSEY	INSTRUMENT NUMBER: 2001142504	RECORDED ON Sep 19, 2001 12:05:03 PM BOOK: OR-8051 PAGE: 6524	Total Pages: 10	COUNTY RECORDING FEES \$31.00	DEDICATED TRUST FUND COMMISSION \$2.00	TOTAL \$33.00
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The First Mortgage Loan is evidenced by the First Mortgage Note and is secured by this First Mortgage, which constitutes a valid first lien on the Project and Land. The Lender intends to make the First Mortgage Loan from funds obtained or to be obtained through the issuance of Bonds. To secure payment of the Bonds, if issued, the Lender will pledge payments due from the Borrower from its repayment of the First Mortgage Loan, when made. As a condition of the Lender's approval of the Borrower's application for the First Mortgage Loan, the Borrower and the Lender have entered into the Loan Documents.

Section 4. FIRST LIEN

This First Mortgage shall be a valid first mortgage lien on the Project and the Land. The Borrower covenants and agrees to maintain its right, title and interest in the Project and the Land and all items enumerated in Section 7 herein free from all liens, security interests, and other encumbrances, except for those liens and encumbrances set forth in Section 13 of the Regulatory Agreement.

Section 5. COVENANT TO PAY FIRST MORTGAGE NOTE

The Borrower hereby promises to pay the First Mortgage Loan, in the principal amount of \$13,575,000 as such amount may be adjusted pursuant to the First Mortgage Note (the "Principal Sum"), plus interest and the Servicing Fee in accordance with the provisions of the First Mortgage Note.

Section 6. ADDITIONAL PAYMENTS BY BORROWER

The Borrower shall make all such additional payments as set forth and detailed in the Regulatory Agreement, including, but not limited to, insurance, taxes or payments in lieu of taxes, the Servicing Fee, escrows and reserves.

Section 7. GRANTING CLAUSES

In order to secure to the Lender, the punctual payment by the Borrower of the Principal Sum, plus interest, the Servicing Fee and all sums due or to become due under the provisions of the Loan Documents and the payment and performance of all obligations of the Borrower under the Loan Documents, the Borrower hereby mortgages, pledges, assigns and grants to the Lender a security interest in the items listed below. The Borrower acknowledges that the Lender's security interest in the following items is perfected upon execution of this First Mortgage.

1. all of the Borrower's right, title and interest in the Project and in the Land, including,

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without limitation, all improvements existing or hereafter erected thereon, the legal description of the Land being set forth in the attached Schedule "A";

2. all the Borrower's right, title and interest in and to the beds of streets, roads and avenues open or proposed, adjacent or appurtenant to the Project and the Land and any easements, rights of way, licenses and other rights in favor of the Project and/or the Land over other premises;

3. any award made in the nature of compensation for condemnation or appropriation with respect to the Project and/or the Land by any governmental body, including awards or damages with respect or matters other than a direct taking which nonetheless affect the Project and/or the Land. The Borrower hereby assigns any such awards or damages to the Lender, and in addition, for itself and its successors and assigns, appoints the Lender and any subsequent holder of the First Mortgage Note and this First Mortgage its Attorney-in-Fact, and empowers such Attorney at its option, on behalf of the Borrower, to adjust or compromise any such claims, to collect any proceeds and to execute in the Borrower's name any documents necessary to affect such collection. The Lender is empowered to endorse any checks representing these proceeds, and after deducting any expenses incurred in the collection, to apply the net proceeds as a credit upon any portion of the First Mortgage Loan after payment of any Servicing Fees and interest due and payable as provided in the First Mortgage Note and Regulatory Agreement;

4. all fixtures or other tangible personal property now or hereafter situated on the Project and/or the Land or installed or placed in the buildings located thereon including, without limitation, stoves, refrigerators and other appliances;

5. all federal and state subsidy payments to which the Borrower is or will be entitled with respect to the Project and/or the Land;

6. all rent payable by tenants with respect to any part of the Project and/or the Land, such rents being assigned to the Lender as set forth in Section 8 below and in the Assignment of Leases to be executed simultaneously with but recorded separately from this First Mortgage, and any other revenues from the Project and/or the Land, including fees derived from laundry, parking, licenses and other facilities or interests;

7. all amounts payable to or recoverable by the Borrower under the terms of the contract for the construction and/or rehabilitation of the Project and any surety bond or other security issued in connection therewith;

8. all rights under and amounts recovered under warranties as to quality or performance of any material, part, sub-assembly, appliance or other component part of the Project;

9. all reserves and escrows created pursuant to the terms of the Loan Documents;

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10. all proceeds of casualty or other insurance on the Project or any part thereof;
11. any real estate tax or payment in lieu of tax rebates or refunds which the Borrower is entitled to receive;
12. any amounts in the Project accounts described in the Regulatory Agreement and any other Project funds.

Section 8. ASSIGNMENT OF LEASES AND RENTS

The Borrower assigns, transfers and sets over unto the Lender, all of the Borrower's right, title and interest in, to and under all leases and rents between the Borrower and any present or prospective tenant or sublessee as well as all Federal and state subsidy payments to which the Borrower is or will be entitled with respect to the Project and/or the Land. As long as no Event of Default exists under the Loan Documents, the Borrower may collect the rents under the leases or from the rental of the Project and/or the Land. The Lender may exercise its rights under this assignment upon the occurrence of an Event of Default under the Loan Documents.

Upon the payment of the Principal Sum, plus interest and the Servicing Fee, this assignment shall become and be void and of no effect, but a notarized affidavit of any officer or attorney of the Lender declaring that any part of Principal Sum remains unpaid shall be sufficient evidence of the validity, effectiveness and continuing force of this assignment as to any person liable under the aforesaid leases or rentals. A demand on the tenants or sublessees by the Lender for the payment of rent shall be sufficient warrant to said tenant to make future payment of rent to the Lender without the necessity for further consent by the Borrower.

Neither this assignment nor any act done or omitted by the Lender pursuant to the powers and rights granted to it by this assignment shall be deemed to be a waiver by the Lender of its rights and remedies under the Loan Documents and this assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Lender under the terms of the Loan Documents. The right of the Lender to collect the Principal Sum plus interest and the Servicing Fee and/or to enforce any other rights and remedies of the Lender under the Loan Documents may be exercised either simultaneously with, or subsequent to any action taken by the Lender under this assignment and notwithstanding whether or not any action is taken by the Lender under this assignment.

Notwithstanding any of the terms and conditions of the assignment, the Lender shall not have any obligation to any tenant or sublessee until the Lender makes a demand on the tenant or sublessee and upon such demand, the Lender shall have the rights of the Borrower under the subject lease.

Section 9. INCORPORATION OF REGULATORY AGREEMENT; CONFLICT

All provisions of the Regulatory Agreement are hereby incorporated by reference into this First Mortgage and made a part hereof. The Borrower hereby agrees, acknowledges, and understands that the terms and conditions of this First Mortgage include all terms and conditions of the Regulatory Agreement and that it is to look to both documents in connection with all rights, duties, obligations, liabilities, warranties, representations, covenants and other terms as if both were a single document. Reference to any specific provision to be found in the Regulatory Agreement is not intended or to be construed as excluding any other provisions not specifically referenced. The Borrower hereby acknowledges that it has received a true copy of the fully executed Regulatory Agreement. Further, should any of the provisions of this First Mortgage conflict with any provisions of the Regulatory Agreement, the Regulatory Agreement shall govern.

Section 10. DEFAULTS; REMEDIES

The events of default under this First Mortgage and the remedies of the Lender shall be as specifically set forth in the Regulatory Agreement.

Section 11. SEVERABILITY

The invalidity of any part or provision hereof shall not affect the validity, legality or enforceability of the remaining portions hereof, and to this end the provisions of this First Mortgage shall be severable.

Section 12. SUCCESSORS AND ASSIGNS

The Borrower hereby consents to any assignment of this First Mortgage by the Lender. No assignment or delegation of this First Mortgage by the Borrower is permitted unless approved in writing by the Lender. If assigned, all rights, duties, obligations and interest arising under this First Mortgage shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

Section 13. PERSONAL LIABILITY

Notwithstanding any other provision contained in this First Mortgage or the other Loan Documents, the Lender agrees, on behalf of itself and any future holder of the First Mortgage Note, that the liability of the Borrower, any general or limited partner, member or shareholder of the Borrower and their respective heirs, representatives, successors and assigns, for the payment of its obligations under the Loan Documents, including, without limitation, the payment of principal and

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interest due and other charges due hereunder and thereunder, shall be limited to the collateral pledged under this First Mortgage and the other Loan Documents, and that the Lender shall have no right to seek a personal judgment against the Borrower, any general or limited partner, member or shareholder of the Borrower, or their respective heirs, representatives, successors and assigns, individually, except to the extent necessary to subject the collateral pledged under this First Mortgage and the other Loan Documents to the satisfaction of the mortgage debt; provided, however, that the Lender shall retain the right to exercise any and all remedies granted to it under this First Mortgage and the other Loan Documents, including without limitation the right to sue for injunctive or other equitable relief. The foregoing limitation of liability shall not apply to any party to the extent such party has committed fraudulent, criminal or unlawful acts and shall not apply to such amounts that may be due to the Lender pursuant to Sections 11, 12, 13, 14, 15(c) through (e), 33 and 42 of the Regulatory Agreement.

Section 14. COUNTERPARTS

This First Mortgage may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 15. MORTGAGE TERM; DISCHARGE OF LIEN OF MORTGAGE

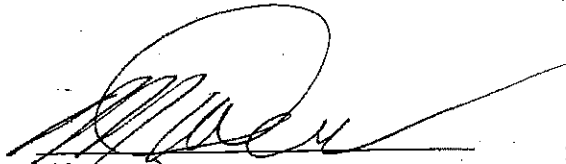
The term of this First Mortgage shall run through the maturity date of October 1, 2031, as set forth in the First Mortgage Note. Upon the payment of the Principal Sum, plus interest and the Servicing Fee due and performance by the Borrower of all of its obligations under this First Mortgage and the First Mortgage Note, this First Mortgage and the lien created hereby, and all covenants, agreements and other obligations of the Borrower hereunder, shall cease, terminate and become void and be discharged and satisfied. In such event, the Lender shall, at the expense of the Borrower, execute any and all instruments reasonably required to evidence the satisfaction, cancellation and discharge of this First Mortgage. The repayment of the Principal Sum plus interest and Servicing Fee and the discharge of the lien of this First Mortgage, shall not affect the Borrower's obligations that continue under the terms of the Regulatory Agreement, the Borrower acknowledging that the continuing effectiveness of the Regulatory Agreement and the Borrower's obligations thereunder shall be determined by its own terms subsequent to the discharge of this First Mortgage.


THIS SPACE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, this First Mortgage is duly executed by the Borrower on the date set forth in Section 1 and by signing below, the Borrower acknowledges that it has received a true copy of this First Mortgage, without charge.

WITNESS/ATTEST

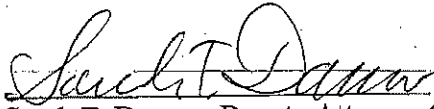
By: Assisted Living of Wall Township L.L.C.


Mark Dubrow


~~Mark Dubrow, Managing Member~~
Dawn H. Norton,

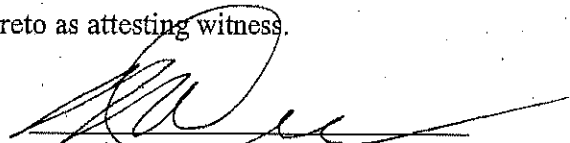
This Mortgage has been reviewed
and approved as to form.
Attorney General of the State of New Jersey

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By: 
Sarah T. Darrow, Deputy Attorney General

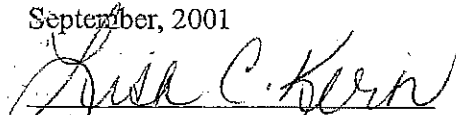
STATE OF NEW JERSEY, COUNTY OF MERCER SS:

BE IT REMEMBERED, that on this 17th day of September, 2001, before me, the subscriber, personally appeared Mark Dubrow, who, I am satisfied is the person who signed the within, acknowledges and makes proof to my satisfaction, that he is the Manager of the **ASSISTED LIVING OF WALL TOWNSHIP, L.L.C.**, the limited liability company named in the within Instrument, that Donn Norton, is the Manager of said limited liability company, that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the members of the said limited liability company; and that the deponent of the said Instrument was signed and delivered by said Manager as and for the voluntary act and deed of said limited liability company, in the presence of the deponent, who thereupon subscribed his name thereto as attesting witness.



Mark Dubrow

SWORN TO AND SUBSCRIBED
before me, this 17th day of
September, 2001



Lisa C. Kern

A Notary Public of New Jersey
My Commission Expires on: August 6, 2002

SCHEDULE A PROPERTY DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Wall, County of Monmouth State of New Jersey

Beginning at a concrete monument set at the point of intersection formed by the Easterly right of way line of New Bedford Road, being 35.00 feet from the centerline thereof with the Northerly boundary line of Deed Book 4913, Page 949 (a/k/a Tax Lot 16, Block 273) as shown on a certain map entitled, "Consolidation & Minor Subdivision Map Tax Lots, 2, 3, 12, 17 & 18, Block 273, Wall Township, Monmouth County, New Jersey, Technical Subdivision, filed in the Monmouth County Clerk's Office on June 30, 1999 as Case No. 273-7 and running thence

- (1) North 16 degrees 14 minutes 23 seconds West, along said Easterly right of way line of New Bedford Road, a distance of 57.93 feet, to a concrete monument set at an angle point in same; thence
- (2) Continuing along same on a course bearing North 08 degrees 53 minutes 28 seconds East, a distance of 95.45 feet, to a concrete monument set at its intersection with the Easterly right of way line of New Jersey State Highway Route No. 35, being 100.00 feet from the centerline thereof, thence
- (3) Along said Easterly right of way line of New Jersey State Highway Route No. 35, on a course bearing North 26 degrees 53 minutes 28 seconds East, a distance of 219.39 feet to a concrete monument set in the Southerly sideline of a 12.00 feet wide unnamed right of way, thence
- (4) Along said Southerly line of an unnamed right of way on a course bearing South 88 degrees 58 minutes 33 seconds East a distance of 352.17 feet to its intersection with the Westerly line of Deed Book 4439, Page 625 (a/k/a Former Tax Lot 2, Block 273); thence
- (5) Along said Westerly line of Former Tax Lot 2, crossing said unnamed right of way, on a course bearing North 01 degrees 01 minutes 27 seconds East, a distance of 12.00 feet to a point in the Northerly line of said unnamed right of way; thence
- (6) Along said Northerly line of the unnamed right of way on a course bearing South 88 degrees 58 minutes 33 seconds East, a distance of 92.60 feet to its intersection with the common line of Deed Book 4756, Page 870 (a/k/a former Tax Lot 3) and said Deed Book 4439, Page 625 (a/k/a former Tax Lot 2); thence
- (7) Along said common line of former Tax Lots 2 & 3, crossing said unnamed right of way on a course bearing South 01 degrees 01 minutes 27 seconds West, a distance of 12.00 feet to a point in the said Southerly side line of the unnamed right of way, thence
- (8) Along said Southerly line of the unnamed right of way on a course bearing South 88 degrees 58 minutes 33 seconds East, a distance of 103.11 feet to a capped rebar set in the common line between Deed Book 4756, Page 870 (former Tax Lot 3) and Deed Book 3654, Page 53 (Tax Lot 13); thence

Acceptable 9-17-01
Stephens, M. J.
Technical Services

(9) Along said common line between former Tax Lot 3 and Tax Lot 13, on a course bearing South 01 degrees 03 minutes 41 seconds West, a distance of 350.82 feet to a point being the Southwest corner of said former Tax Lot 3, thence

(10) Along the boundary line between Tax Lots 12.01 & 17.01 on a course bearing South 69 degrees 48 minutes 46 seconds West, a distance of 351.92 feet to a capped rebar found, being the Southeasterly corner of Deed Book 4913, Page 949 (a/k/a Tax Lot 16, Block 273), thence

(11) Along the Easterly line of said Tax Lot 16, on a course bearing North 01 degrees 20 minutes 21 seconds East, a distance of 129.14 feet to a point, thence

(12) Along the Northerly line of said Tax Lot 16, on a course bearing North 88 degrees 39 minutes 33 seconds West, a distance of 311.88 feet to the point of Beginning.

The above description is drawn in accordance with survey made by Gravatt Geller & Associates, dated July 19, 2001

For Information Only, Being also known as Lot 12.01 in Block 273 on the Tax Map of the Township of Wall, New Jersey