

SECOND MORTGAGE NOTE

\$1,331,021

August 31, 1982

FOR VALUE RECEIVED, Pilgrim Baptist Village, Inc. (II), a non-profit housing corporation organized and existing under and by virtue of the laws of the State of New Jersey, and constituting a qualified housing sponsor as that term is defined by the New Jersey Housing Finance Agency Law of 1967, as amended (hereinafter referred to as the "Act"), having its principal office at c/o Shanley and Fisher, 550 Broad Street, Newark, NJ (hereinafter referred to as the "Maker"), promises to pay to the order of the NEW JERSEY HOUSING FINANCE AGENCY, a body corporate and politic created pursuant to the aforesaid Act, as amended (hereinafter referred to as the "Payee"), at its principal office at 3625 Quakerbridge Road, Trenton, New Jersey, or at such other place as may be designated in writing by the Payee, the principal sum of One Million, Three Hundred Thirty-One Thousand, Twenty-One Dollars (\$1,331,021) lawful money of the United States, or so much thereof as hereafter may be advanced by the Payee to the Maker, together with lawful interest on disbursed proceeds at the rate of 12% per annum, simple interest.

This Second Mortgage Note, to the extent of One Million, Three Hundred Thirty-One Thousand, Twenty-One Dollars (\$1,331,021) or so much thereof as may be advanced by the Payee at such times and in such amounts as the Payee shall determine, is for moneys borrowed by the Maker for the purpose of meeting current cash needs, construction cost arrearages and outstanding taxes as set forth in the Agenda of the One Hundred Forty-Fourth Meeting of the New Jersey Housing Finance Agency held on December 17, 1981, and as amended by the Members of the Agency on July 15, 1982, and for such other purposes, or items as may be agreed upon by and between the Payee and the Maker.

The principal sum of One Million, Three Hundred Thirty-One Thousand, Twenty-One Dollars, (\$1,331,021), or so much thereof as hereafter may be advanced by the Payee to the Maker, together with lawful interest on disbursed proceeds at the rate of 12% per annum, simple interest, shall be repaid by the Maker to the Payee as follows:

1. In sixty (60) equal consecutive monthly installments, each installment to be equal to one-sixtieth (1/60) of the total of the principal

and interest due hereunder, on the first day of each month, commencing on the first day of the first full month following payment in full of the first Mortgage executed and delivered to the Payee by the Maker on the 1st day of May, 1978, and recorded on the 7th day of June, 1978 at Book 4754 of Mortgages at Page 680 in the Office of the Essex County Register, securing an indebtedness in the principal sum of Seven Million, Nine Hundred Ninety Five Thousand Dollars (\$7,995,000), evidenced by a Mortgage Note of even date executed in favor of, and delivered to, the Payee by the Maker; or

2. Upon demand, in the event of a sale or transfer of the Maker's interest in the project to a limited dividend housing corporation or association; or
3. Upon demand, at the option of the Payee, if there occurs default as defined in Paragraph 12 of the Second Mortgage of even date herewith executed by Maker in favor of Payee to secure this Second Mortgage Note.
4. In the event that the Payee determines that surplus funds exist in the operating account for the project at the end of any fiscal year, the Payee may require that such funds be applied first to repay accrued interest, if any, and then to repay the outstanding principal on this Second Mortgage Note.
5. In the event that a judgment in favor of the Maker is rendered in any lawsuit arising out of the planning, construction or operation of the project, the Payee may require that any monies recovered on said judgment be applied to reduce the outstanding principal on this Second Mortgage Note.

As security for the payment of the moneys owing hereon, the Maker has executed and delivered to the Payee a Second Mortgage of even date herewith on lands situate in the City of Newark, in the County of Essex and State of New Jersey, which premises are more particularly described in said Second Mortgage.

IT IS EXPRESSLY UNDERSTOOD AND AGREED by and between the parties hereto that the obligations hereby assumed shall be and remain in full force and effect, and in no wise be impaired until the actual payment of said sums to the Payee, its successor or assignee, unless expressly released and discharged in writing by the Payee, its successor or assignee.

AND IT IS FURTHER EXPRESSLY UNDERSTOOD AND AGREED by and between the parties hereto that notwithstanding any provision contained herein or in the Mortgage of even date, collateral hereto and executed contemporaneously herewith, any amounts paid by the Maker pursuant to any provision of the Mortgage or this Second Mortgage Note may, at the option of the Payee, be applied first to the reduction of interest or principal.

AND IT IS FURTHER EXPRESSLY UNDERSTOOD AND AGREED by and between the parties hereto that the principal balance of the obligation evidenced by this Second Mortgage Note shall, at the option of the Payee, its successor or assignee, become due on the happening of any default or event by which, under the terms of the Second Mortgage securing this Second Mortgage Note, the whole balance of said principal sum may or shall become due and payable; also, that all the covenants, conditions and agreements contained in said Second Mortgage hereby are made a part of this instrument.

All parties to this Second Mortgage Note, whether Maker, principal, surety, guarantor or endorser, and all other parties who at any time may be liable hereon in any capacity, jointly or severally, hereby waive presentment for payment, demand, protest and notice of dishonor.

THIS IS TO CERTIFY that this is the Second Mortgage Note described in and secured by the Second Mortgage of even date herewith, and in the principal sum herein stated, and secured by the premises more particularly described in said Second Mortgage.

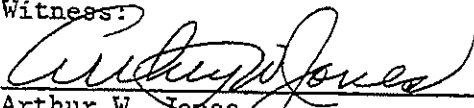
SIGNED AND SEALED THIS 31st day of August, 1982

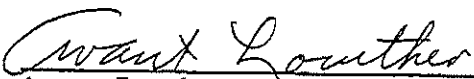
SEAL

By: Pilgrim Baptist Village, Inc. (II)
(a non-profit housing corporation)

ATTEST:


Witness:


Arthur W. Jones
Assistant Secretary


Avant Lowther
President

This document has been
reviewed and approved
as to form.

ERWIN I. KIMMELMAN
ATTORNEY GENERAL OF NEW JERSEY

By: 
Susan N. Ferschmann
Deputy Attorney General