

**Minnesota Housing Finance Agency
Disaster Recovery Loan Program
NOTE**

**THIS LOAN CONTAINS PROVISIONS PROHIBITING THE UNAUTHORIZED
TRANSFER OF THE PROPERTY AND IS NOT ASSUMABLE**

**THIS LOAN MAY REQUIRE PAYMENT. IF THE TERMS AND CONDITIONS OF THE
LOAN ARE NOT FOLLOWED THEN FORGIVENESS WILL NOT OCCUR AND YOU MUST
REPAY THE UNFORGIVEN BALANCE OF THE LOAN**

Closing Date [Note Date]	Property City [City]	MN [State]
Property Full Address [Property Address]		

1. BORROWER'S PROMISE TO PAY

In return for a loan in the amount of U.S. **\$IF Loan Amount** (the "Principal") that I have received from **Lender Name** (the "Lender"), I promise to pay the Principal, plus interest, if any, to the order of the Lender. I will make all payments under this Note in U.S. currency in the form of cash, check, money order, or other payment method accepted by Lender.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

No interest will be charged on unpaid Principal.

3. PAYMENTS

(A) No payments will be due on this Note unless I am in default, or unless the maturity date is earlier than the tenth (10th) anniversary date of the note. If I am in default, I will pay the current Principal as directed by the Note Holder.

(B) Maturity Date

The "Maturity Date" of the loan will be the earliest of any of the following dates:

- (i) **IF Maturity Date;**
- (ii) the date the loan is fully forgiven (as set forth in Section 4 below);
- (iii) the date on which the property (or any interest therein) securing this Note (the "Property") is sold or otherwise transferred;
- (iv) the date I cease to use the Property as my primary residence or, in the alternative, I cease to use the Property as a single-family rental property and such action results in an inability to maintain the same occupancy (principal residence or rental) for the duration of the loan.

4. LOAN FORGIVENESS

Provided that I have complied with all the terms and conditions of the loan documents including this Note, on the tenth (10th) anniversary date of this Note, the Note will be deemed to have no further force and effect and neither I nor the Note Holder will have any further rights or obligations under the Note against each other.

5. BORROWER'S RIGHT TO PREPAY



I have the right to make payments of principal at any time before they are due. A payment of principal before it is due is known as a “Prepayment.” When I make a Prepayment, I will notify the Note Holder in writing that I am doing so.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest, if any, on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the Maturity Date unless the Note Holder agrees in writing to those changes.

6. LOAN CHARGES

If applicable law sets maximum loan charges, and that law is finally interpreted so that any interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then (a) any such loan charge will be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from me that exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7. BORROWER’S DEFAULT

(A) Default

I will be in default under this Note if:

- (i) I fail to comply with the terms of this Note;
- (ii) I fail to comply with the terms of the “Security Instrument” (defined in Section 11 below) securing this Note;
- (iii) I cease to use the Property as my primary residence; or, in the alternative, I cease to use the Property as a single-family rental property and such action results in an inability to maintain the same occupancy (principal residence or rental) for the duration of the loan.

and/or

- (iv) The Note Holder determines that any information I furnished to Lender to obtain this loan was inaccurate or misleading in any material respect.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not remedy the default by a certain date, the Note Holder may require me to pay immediately the full Principal and all the interest, if any, that I owe on that amount and other charges due under this Note (the “Default Balance”). That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(C) No Waiver By Note Holder

If I am in default and the Note Holder does not require me to pay the Default Balance immediately as described above, the Note Holder will still have the right to do so if I continue to be in default or if I am in default at a later time.

(D) Payment of Note Holder’s Costs and Expenses

If the Note Holder has required me to pay the Default Balance immediately as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys’ fees and costs.

(E) Calculation of Principal Due. If the Principal becomes due and payable during the term of the loan due to Default or other reason as determined by the Note Holder, the amount of the Principal that I owe will equal the amount of the Principal balance at the time the Note was executed reduced by any prepayments made pursuant to Section 5, above.

8. GIVING OF NOTICES

(A) Notice to Borrower

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it, or by mailing it by first class mail, to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. I will promptly notify the



Note Holder of any change to my physical address and of any change to my mailing address. Unless applicable law requires otherwise, notice may instead be sent by e-mail or other electronic communication if agreed to by me and the Note Holder in writing and if I have provided the Note Holder with my current e-mail address or other electronic address. If I have agreed with the Note Holder that notice may be given by e-mail or other electronic communication, I will promptly notify the Note Holder of any changes to my e-mail address or other electronic address.

(B) Notice to Note Holder

Any notice that I must give to the Note Holder under this Note will be delivered by first class mail to the Note Holder at the address listed below under Lender Address or at a different address if I am given a notice of that different address.

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. SECURED NOTE

In addition to the protections given to the Note Holder under this Note, a Mortgage, Mortgage Deed, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument also describes how and under what conditions I may be required to make immediate payment of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, Lender will not exercise this option if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender will give Borrower notice of acceleration. The notice will provide a period of not less than 30 days from the date the notice is given in which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to, or upon, the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower and will be entitled to collect all expenses incurred in pursuing such remedies, including, but not limited to: (a) reasonable attorneys' fees and costs; (b) property inspection and valuation fees; and (c) other fees incurred to protect Lender's Interest in the Property and/or rights under this Security Instrument.

12. TERMINATION OF CERTAIN RESTRICTIONS ON FIRST LIEN FHA-INSURED MORTGAGE OR DEED OF TRUST

In the event of foreclosure or deed in lieu of foreclosure of a prior mortgage, mortgage deed, deed of trust, security deed, or assignment of the first mortgage, mortgage deed, deed of trust or security deed securing the First Lien Note to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property or otherwise restricting the Borrower's ability to sell the Property will have no further force or effect. Any person (including their



successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a prior mortgage, mortgage deed, deed of trust, or security deed will receive title to the Property free and clear from such restrictions.

13. COLLECTION COSTS ADDED TO PRINCIPAL

If the Note Holder incurs any costs in collecting the Principal secured by this Note, including but not limited to reasonable attorney's fees, I agree such costs will be added to the Principal and will also be secured by this Note and Mortgage.

14. APPLICABLE LAW.

The terms, covenants and conditions of this Note will in all respects be governed, construed, applied and enforced in accordance with the laws of the State of Minnesota.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

<u>Borrower Full Name 1</u> Borrower's Name	_____	Borrower's Signature	_____	(Seal)
<u>Borrower Full Name 2</u> Borrower's Name	_____	Borrower's Signature	_____	(Seal)
<u>Borrower Full Name 3</u> Borrower's Name	_____	Borrower's Signature	_____	(Seal)
<u>Borrower Full Name 4</u> Borrower's Name	_____	Borrower's Signature	_____	(Seal)

[Sign Original Only]

LENDER NAME, ADDRESS, TIL AND NMLS ID

<u>Lender Name</u> Loan Originator Company Name	_____	<u>Loan Officer</u> Loan Originator Individual Name (as name appears on NMLS)	_____
<u>Loan Originator Company NMLS ID</u> Loan Originator Company NMLS ID	_____	<u>Loan Officer NMLS ID</u> Loan Originator Individual NMLS ID (if applicable)	_____
<u>Lender Address</u> Lender Address	_____		

ENDORSEMENT TO MINNESOTA HOUSING FINANCE AGENCY

Without recourse, pay to the order of the Minnesota Housing Finance Agency.

Lender: Lender Name

(Signature of Authorized Lender Representative)

By: _____
(Print Name of Authorized Lender Representative)



Its: _____
(Print Title of Authorized Lender Representative)

SAMPLE

