

MHFA Loan Number: \_\_\_\_\_

**Minnesota Housing Finance Agency**

**Rehabilitation Loan Program**

**MORTGAGE NOTE AND LENDING AGREEMENT**

Rehabilitation Loan Amount \$ \_\_\_\_\_

Borrower Name (Last) (First) (M.I.)

\_\_\_\_\_

Co-Borrower Name (Last) (First) (M.I.)

\_\_\_\_\_

Property Address (Street) (City) (County) (Zip)

\_\_\_\_\_

Rehabilitation Administrator

\_\_\_\_\_

1. The above named borrower and co-borrower, if applicable, (hereinafter cumulatively referred to as the "Borrower") desire to obtain from the Minnesota Housing Finance Agency (hereinafter referred to as the "MHFA") a mortgage loan (hereinafter referred to as the "MHFA Rehab Loan") in the amount of \_\_\_\_\_ and \_\_\_/100 Dollars (\$\_\_\_\_\_) the proceeds of which are to be used to pay for, in whole or in part, rehabilitation work to be performed on the land and structures located at the above listed property address (hereinafter cumulatively referred to as the "Property").
2. Borrower, by executing this Minnesota Housing Finance Agency Rehabilitation Program Mortgage Note and Lending Agreement (hereinafter referred to as the "MHFA Rehab Mortgage Note"), acknowledges, understands and agrees that the MHFA's obligation to provide and fund the MHFA Rehab Loan is subject to Borrower's prior and continuing compliance with all of the terms, conditions, provisions, covenants and representations contained herein, and if Borrower fails to so comply then the MHFA may, at its sole option and discretion, refuse to provide and fund any portion or all of the MHFA Rehab Loan.
3. The MHFA's obligation to provide funds for the MHFA Rehab Loan expires on the date that is nine (9) calendar months from the date on which Borrower signs this MHFA Rehab Mortgage Note, and if Borrower has not requested disbursement of the full amount of the MHFA Rehab Loan by such date then the amount of the MHFA Rehab Loan shall be reduced to the amount of funds that the MHFA has supplied to Borrower under this Rehab Mortgage Note on such date and Borrower shall execute any and all documents that the MHFA may reasonably request in order to reflect such reduction in the amount of the MHFA Rehab Loan.

4. The repayment of the indebtedness evidenced by this MHFA Rehab Mortgage Note is secured by that certain Minnesota Housing Finance Agency Rehabilitation Program Second Mortgage of even date herewith (hereinafter referred to as the "MHFA Rehab Mortgage"), and this MHFA Rehab Mortgage Note is the MHFA Rehab Mortgage Note referred to therein.
5. Borrower hereby makes the following representations, covenants and commitments for the purpose of inducing the MHFA to provide and fund the MHFA Rehab Loan:
  - A. Borrower possesses an ownership interest in the property and will continue to possess such ownership interest for as long as any part of the MHFA Rehab Loan is outstanding and unpaid;
  - B. Borrower is occupying and will continue to occupy the Property as his/her/their principal residence;
  - C. Borrower is in full compliance with all of the terms, conditions, covenants and warranties contained in any and all mortgages, deeds of trust, contract for deeds, leases, or other security agreements that create a lien that has a priority over the lien created by the MHFA Rehab Mortgage, and all real estate taxes and special assessments that apply to the Property have been paid to date and are current;
  - D. Borrower will promptly notify the MHFA if Borrower at any time fails to fully comply with all of the terms, conditions, covenants and warranties contained in any and all mortgages, deeds of trust, contract for deeds, leases, or other security agreements that create a lien that has a priority over the lien created by the MHFA Rehab Mortgage, and any time that any real estate taxes or special assessments that apply to the Property have not been paid when due'
  - E. The facts provided by Borrower to the MHFA in connection with Borrower's applications for the MHFA Rehab Loan were all true and correct at the time they were provided and continue to be true and correct;
  - F. Borrower will cooperate fully with the MHFA in obtaining and furnishing all additional information with respect to Borrower's qualification for the MHFA Rehab Loan as the MHFA may reasonably request; and
  - G. Borrower will enter into and execute any and all documents needed to further document and secure the repayment of the MHFA Rehab Loan as the MHFA may reasonably request including, but not limited to, the MHFA Rehab Mortgage (hereinafter such documents are cumulatively referred to as the "MHFA Additional Rehab Loan Documents").
6. Upon Borrower's execution of this MHFA Rehab Mortgage Note and the MHFA Additional Rehab Loan Documents the MHFA shall make the MHFA Rehab Loan to Borrower and provide the proceeds thereof to the entity identified hereinabove as the Rehabilitation Administrator (hereinafter referred to as the "Rehab Administrator") to be held in escrow and disbursed thereby in accordance with that certain Minnesota Housing Finance Agency Rehabilitation Program Escrow Agreement made and entered into by and between Borrower and the Rehab Administrator for the purpose of paying for, in whole or in part, rehabilitation work to be performed on the Property.
7. Borrower shall not be required to make any periodic payments on any portion of the MHFA Rehab Loan, and the full outstanding and unpaid principal balance of the MHFA Rehab Loan shall become immediately due and payable in accordance with the provisions contained in Section 8 hereinbelow.

8. The entire principal balance of the MHFA Rehab Loan shall become immediately due and payable in one lump sum and without any interest, unless interest is accrued in accordance with the provisions contained in Section 9 hereinbelow, upon the earliest date on which one of the following events occurs:
  - A. Borrower fails to fully and completely comply with any term, covenant, condition, provision, or requirement contained in this MHFA Rehab Mortgage Note, the MHFA Rehab Mortgage or the MHFA Additional Rehab Loan Documents.
  - B. Any representation or covenant made by Borrower in this MHFA Rehab Mortgage Note, the MHFA Rehab Mortgage or the MHFA Additional Rehab Loan Documents is determined to be not true.

Provided, however, notwithstanding anything to the contrary contained herein, if the entire principal balance of the MHFA Rehab Loan has not been repaid by the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, then the remaining outstanding balance of such loan shall be immediately due and payable on such date.

9. There shall be no interest due and payable on the MHFA Rehab Loan if such loan is paid within thirty (30) days of the date on which such loan becomes due and payable in accordance with the provisions contained in Section 8 hereinabove; provided, however, if such loan is not repaid in full within such thirty (30) days then interest shall accrue thereon and be due and payable at an interest rate equal to the lesser of eighteen percent (18%) per annum or the highest interest rate allowed by law.
10. Any payments due to be made by Borrower to the MHFA hereunder shall be paid to MHFA at its office at 400 Sibley Street, Suite 300, St. Paul, Minnesota, 55101-1998 or at such other address, of which MHFA may from time to time give Borrower notice in writing.
11. Any payments made by Borrower to the MHFA with respect to any indebtedness due under this MHFA Rehab Mortgage Note shall be applied first to any amounts incurred or disbursed by the MHFA in the exercise of any rights and/or remedies that the MHFA may possess under the MHFA Rehab Mortgage, then to accrued interest (if any) on such indebtedness, and the remainder in reduction of principal due and owing by Borrower on such indebtedness.
12. The MHFA Rehab Loan may be prepaid, in whole or in part, at any time without penalty.
13. Borrower may not assign its interest in this MHFA Rehab Mortgage Note without the prior written consent of the MHFA, which consent may be withheld by the MHFA at its sole option and discretion for any reason or without need for any reason even if the withholding of such consent would be deemed to be arbitrary and capricious.
14. The MHFA may assign its rights under this MHFA Rehab Mortgage Note at any time without the consent of or consultation with Borrower.
15. No amendment or modification of this MHFA Rehab Mortgage Note shall be effective unless in writing and signed by the party against which such amendment or modification is sought to be enforced.
16. No waiver by the MHFA of any term or condition of this MHFA Rehab Mortgage Note shall be valid unless in writing and signed by the MHFA, nor shall any such waiver be deemed a continuing waiver of such term or condition.

17. This MHFA Rehab Mortgage Note shall be binding upon and shall extend to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.
18. Borrower hereby acknowledges receipt of a copy of this MHFA Rehab Mortgage Note.
19. Borrower and all others who may become liable for the repayment of all or any part of the MHFA Rehab Loan hereby agree to be jointly and severally bound and jointly and severally waive demand, protest, notice of nonpayment and any and all lack of diligence or delays in collection or enforcement thereof, and specifically consent to any extension of time, or release of any party liable for the payment of such loan, including any maker, or acceptance of other security therefore. Any such extension or release may be made without notice to said party and without in any way affecting the liability of such party.
20. If any payment due under this MHFA Rehab Mortgage Note is not paid when due, and this MHFA Rehab Mortgage Note is placed in the hands of any attorney or attorneys for collection or foreclosure of the MHFA Rehab Mortgage or enforcement of any other security instrument securing payment hereof, the Borrower promises to pay, in addition to the amount due hereon, the reasonable costs and expenses of foreclosure and collection (including attorneys' fees), and all such costs and expenses shall be secured by the MHFA Rehab Mortgage.
21. No failure or delay by the MHFA to exercise any right or remedy under this MHFA Rehab Mortgage Note shall waive such right or remedy.
22. Any notice that must be given under this MHFA Rehab Mortgage Note shall be given by delivering or mailing, by certified mail, such notice to the following addresses:
  - A. Notices to Borrower shall be delivered or mailed to the Property Address shown hereinabove for Borrower, or such other address as Borrower may designate in writing; and
  - B. Notices to the MHFA shall be delivered or mailed to the address shown hereinabove for the MHFA or such other address as MHFA may designate in writing.
23. This MHFA Rehab Mortgage Note is made and delivered in Minnesota, and accordingly, the clauses and provisions of this MHFA Rehab Mortgage Note and the rights, payments, charges, indebtedness and other items hereby secured shall be construed and enforced according to the laws of the State of Minnesota
24. The MHFA's funding of the MHFA Rehab Loan, in any amount, shall be evidence of the MHFA's acceptance of this MHFA Rehab Mortgage Note and the MHFA's agreement with and acceptance of all of the terms and conditions contained herein that are imposed upon the MHFA.

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Co-Borrower's Signature

Dated: \_\_\_\_\_