

THIS INSTRUMENT IS EXEMPT FROM MORTGAGE REGISTRATION TAX UNDER MINNESOTA STATUTES 287.04(6)

MORTGAGE

Minneapolis Homes: Access Down Payment Assistance Program

THIS MORTGAGE, made this _____ day of _____, _____, by _____, (a single person)(spouses married to each other), residing at _____, Minneapolis, Minnesota (hereinafter designated as "Mortgagor") to the City of Minneapolis, a Minnesota municipal corporation, by and through its Department of Community Planning and Economic Development, located at 505 Fourth Avenue South, Room 320, Minneapolis, Minnesota (hereinafter designated as "Mortgagee").

WITNESSETH: That said Mortgagor hereby mortgages and conveys to said Mortgagee the following described premises and improvements located at _____, Minneapolis, MN _____ (the "Residence"), legally described as:

This Mortgage is given in consideration of and as security for the payment of _____ and No/100 Dollars (\$ _____) (the "Loan"), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to **[purchase / make home improvements to]** the Residence. The Loan is evidenced by a Note (the "Note"), a copy of which is attached hereto as Schedule 1 and incorporated herein by reference. If not previously paid, the Note is due and payable on _____.

Mortgagor makes and includes in this Mortgage the statutory covenants and other provisions set forth in Minnesota Statutes, Section 507.15, including the following:

- a. To warrant title to the Residence.
- b. To pay all other mortgages, liens, charges or encumbrances against the Residence as and when they become due.
- c. To pay the indebtedness of the Note as herein provided.
- d. To pay all real estate taxes on the Residence.
- e. To keep the Residence in repair and not commit waste.
- f. To keep the Residence insured against loss by fire and other hazards for at least the sum of the full insurable value of the Residence for the protection of the Mortgagee.

If the Mortgagor shall pay the Mortgagee, its successors or assigns, the sum of _____ and No/100 Dollars (\$ _____), when it

becomes due according to the terms of the Note, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein, then the Mortgagee may declare immediately due and payable the entire unpaid principal balance, with all accrued interest (if any), and the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Residence at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Note and all accrued interest, together with all legal costs and charges of such foreclosure and the maximum attorney's fees permitted by law. **Notwithstanding anything to the contrary contained herein, if the Borrower's first mortgage is an FHA-insured mortgage, the Borrower is not liable for Lender's costs and expenses, including attorney fees, if the event of default results solely from Borrower's violation of a legal restriction on conveyance as defined in 24 C.F.R. § 203.41, such as an owner-occupancy or resale restriction.**

Mortgagee prior to acceleration shall mail notice to Mortgagor specifying: (1) the event of default; (2) the action required to cure such event; (3) the date, not less than thirty (30) days from the date the notice is mailed to Mortgagor, by which date such default must be cured; and (4) that failure to cure such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Residence. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice, Mortgagee, at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law.

Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Residence pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage, (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Residence and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT THE OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED RESIDENCE AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES

SCHEDULE 1 TO MORTGAGE

(Copy of Note)

DRAFT

MINNEAPOLIS HOMES: ACCESS DOWN PAYMENT ASSISTANCE PROMISSORY NOTE

Minneapolis, Minnesota
_____, 20____

FOR VALUE RECEIVED, the undersigned (herein called the "Borrower"), promises to pay to the order of the City of Minneapolis, a Minnesota municipal corporation (herein called the "Lender"), or it assigns, the sum of _____ and ___/100 Dollars (\$_____), (herein called the "Loan"), at zero percent (0%) interest. Said sum was made available to the Borrower under that certain Homeownership Opportunity Minneapolis program for the Borrower to acquire the Borrower's principal place of residence located at _____, Minneapolis, Minnesota (herein called the "Residence") and legally described as follows:

The Loan shall be repaid without interest as follows:

1. The entire principal balance of the Loan shall be immediately due and payable upon the earliest of: (i) the sale, assignment, conveyance, transfer, or lease of the Residence, (ii) termination of the Residence as the Borrower's principal place of residence, (iii) failure to establish the Residence as Borrower's principal place of residency within sixty (60) days of the date of this Note, or (iv) the thirty (30) year anniversary of the date of this Note. With respect to clauses (i) and (iii) of this paragraph, beginning 10 years from the date of this Note, the Borrower may terminate the Residence as the Borrower's principal place of Residence and lease the Residence.
2. Upon the occurrence of an event of default, the Lender shall mail notice to the Borrower specifying: (a) the event of default; (b) the action required to cure such event; (c) a date not less than thirty (30) days from the date the notice is mailed to the Borrower by which date such default must be cured; and (d) that failure to cure such default on or before the date specified in the notice may result in acceleration of the Loan.
3. This Note is secured by a Mortgage (the "Mortgage") in favor of the Lender of even date herewith. Failure to pay repayment of the Loan as required herein or default under any of the covenants in the Mortgage shall constitute an event of default.

4. The Lender will charge the Borrower \$35.00 for each check or automatic payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.
5. The Borrower has the right to prepay the debt evidenced by this Note, in whole or in part, without charge or penalty.
6. If suit is instituted by Lender, its successors or assigns, to recover on this Note, the undersigned agrees to pay all costs of such collection, including reasonable attorney's fees and court costs. Notwithstanding anything to the contrary contained herein, if the Borrower's first mortgage is an FHA-insured mortgage, the Borrower is not liable for Lender's costs and expenses, including attorney fees, if the event of default results solely from Borrower's violation of a legal restriction on conveyance as defined in 24 C.F.R. § 203.41, such as an owner-occupancy or resale restriction.
7. Any legal restriction on conveyance, as defined in 24 C.F.R. § 203.41, terminates upon foreclosure, deed-in-lieu of foreclosure, or assignment of the first mortgage to the U.S. Department of Housing and Urban Development.
8. Demand, protest, and notice of demand and protest are hereby waived and the undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights that otherwise would apply to the debt evidenced by this Note.
9. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of the day and year above first written.

BORROWER:

