
Impact Fund Agreement #: _____

**Community Homeownership Impact Fund (Impact Fund)
MORTGAGE (for Borrowers receiving owner-occupied rehabilitation assistance,
or Affordability Gap with an underlying RD, VA, or conventional first mortgage)**

TIL and NMLSR ID

Loan Originator Company Name

Loan Originator Individual Name
(as name appears on NMLSR)

Loan Originator Company NMLSR ID

Loan Originator Individual NMLSR ID (if
applicable)

THIS MORTGAGE ("Impact Fund Mortgage") is made this ____ day of _____, _____ between _____ (hereinafter cumulatively referred to as the "Borrower") and _____ (hereinafter referred to along with its successors and assigns as the "Impact Fund Lender") whose address is _____, _____ Minnesota _____.

BORROWER acknowledges and states that he/she/they is/are indebted to Impact Fund Lender in the principal sum of _____ Dollars and ____/100 (\$ _____), which such debt is evidenced by that certain Community Revitalization Fund Mortgage Note (hereinafter referred to along with any amendments, renewals, restatements, extensions and modifications thereof as the "Impact Fund Mortgage Note") of even date herewith that was executed by Borrower as the "Maker", which such indebtedness is required to be

repaid in accordance with the provisions contained in the Impact Fund Mortgage Note in one lump sum payment on or before the date that is 30 years from the date of the Impact Fund Mortgage Note.

TO SECURE to Impact Fund Lender (i) the repayment of the indebtedness evidenced by the Impact Fund Mortgage Note, (ii) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Impact Fund Mortgage, and (c) the performance of the covenants and agreements of Borrower under this Impact Fund Mortgage and the Impact Fund Mortgage Note, Borrower does hereby grant, bargain, sell and convey to Impact Fund Lender, forever and with a power of sale, all

of the following described real property located in the County of _____, State of Minnesota (hereinafter referred to as the "Real Property") legally described as:

which such Real Property has the address of _____,
_____, Minnesota, _____ (hereinafter referred to as the "Property Address").

Together with all improvements now or hereafter erected on the Real Property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter a part of the Real Property. All of Borrower's interest in any and all replacements and additions shall also be covered by this Impact Fund Mortgage. All of the foregoing, together with the Real Property are referred to in this Impact Fund Mortgage as the "Mortgaged Property".

If Borrower shall (i) pay to Impact Fund Lender the outstanding balance due and payable under the Impact Fund Mortgage Note, (ii) pay all other sums, with interest thereon, as may be payable by Borrower to Impact Fund Lender in accordance with the Impact Fund Mortgage Note or this Impact Fund Mortgage, or the payment of which may now or hereafter be secured by this Impact Fund Mortgage, including, but not limited to, all amounts disbursed or incurred by Impact Fund Lender in exercising any rights and remedies under this Impact Fund Mortgage, including without limitation, all reasonable attorneys' fees, and (iii) keep and perform all the covenants and warranties herein contained on the part of Borrower to be performed, then this Impact Fund Mortgage shall be null and void; otherwise this Impact Fund Mortgage shall be and remain in full force and effect.

The Mortgaged Property may be subject to liens and encumbrances that currently exist thereon and have been filed of record (hereinafter referred to as the "Existing Liens and Encumbrances"), which are prior and superior to the lien created by this Impact Fund Mortgage.

Borrower warrants and covenants that; (i) it is lawfully seized in fee simple of that portion of the Mortgaged Property that is real property and is the absolute owner of that portion of the Mortgaged Property that is personal property, (ii) it has the right and power to mortgage and convey the Mortgaged Property, (iii) the Mortgaged Property is free from all liens, security interests, and encumbrances, except for the Existing Liens and Encumbrances, (iv) it will warrant and defend the title to the Mortgaged Property against all claims, whether now existing or hereafter arising, other than the Existing Liens and Encumbrances, (v) all buildings, improvements, and fixtures now or hereafter located on the Real Property are, or will be, located entirely within the boundaries of the Real Property, and (vi) Borrower shall quietly enjoy and possess the Mortgaged Property. The foregoing warranties shall survive foreclosure of this Impact Fund Mortgage and shall run with the Real Property.

UNIFORM COVENANTS. Borrower and Impact Fund Lender further agree as follows:

- 1. Payment of Principal.** Borrower shall promptly pay to Impact Fund Lender, or its successor and assigns, when due the principal of and interest on the indebtedness evidenced by the Impact Fund Mortgage Note.
- 2. Application of Payments.** Unless applicable law provides otherwise, any payment(s) received by Impact Fund Lender under Section 1 hereof shall be applied first to any payments which Impact Fund Lender has paid on behalf of Borrower under the Impact Fund Mortgage Note or this Impact Fund Mortgage, second to interest due to Impact Fund Lender under the Impact Fund Mortgage Note or this Impact Fund Mortgage, and last to principal due to Impact Fund Lender under the Impact Fund Mortgage Note.

3. Prior Liens; Charges; Other Liens. Borrower shall comply with all of the terms and conditions contained in all mortgages, deeds of trust, contract for deeds, leases, or other security agreements that have a priority over this Impact Fund Mortgage, including but not limited to the Existing Liens and Encumbrances, and shall pay all taxes, assessments, charges, fines and impositions attributable to the Mortgaged Property that may attain a priority over this Impact Fund Mortgage, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Impact Fund Lender all notices of amounts due under this Section 3, and receipts evidencing such payments.

Borrower shall, except for the Existing Liens and Encumbrances, promptly discharge any lien which has priority over this Impact Fund Mortgage unless Borrower; (i) agrees in writing to the payment of the obligation secured by such lien in a manner acceptable to Impact Fund Lender; (ii) contests in good faith such lien by, or defends against enforcement of such lien in, legal proceedings which in Impact Fund Lender's opinion operates to prevent the enforcement of the lien or forfeiture of any part of the Mortgaged Property; or (iii) secures from the holder of the lien an agreement satisfactory to Impact Fund Lender subordinating the lien to this Impact Fund Mortgage. If Impact Fund Lender determines that any part of the Mortgaged Property is subject to a lien which may attain priority over this Impact Fund Mortgage, except for the Existing Liens and Encumbrances, Impact Fund Lender may give Borrower a notice identifying the lien and Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of such notice.

Borrower shall not enter into any agreement that alters any of the provisions of the Existing Liens and Encumbrances without first obtaining the written approval of the Impact Fund Lender.

4. Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards for which Impact Fund Lender requires insurance. This insurance shall be maintained in the amounts and for the periods Impact Fund Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Impact Fund Lender's approval, which such approval shall not be unreasonably withheld.

All insurance policies and renewals must be in a form that is acceptable to Impact Fund Lender, and shall include a standard mortgage clause in favor of Impact Fund Lender. Impact Fund Lender shall have the right to hold the policies and renewals thereof. If Impact Fund Lender requires, Borrower shall promptly give to Impact Fund Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Impact Fund Lender. Impact Fund Lender may make proof of loss if not made promptly by Borrower.

Insurance proceeds shall, unless Impact Fund Lender and Borrower otherwise agree in writing, be applied to restoration or repair of the damaged Mortgaged Property if such restoration or repair is economically feasible and Impact Fund Lender's security is not lessened. If such restoration or repair is not economically feasible or Impact Fund Lender's security would be lessened, then the insurance proceeds shall be applied to the sums secured by this Impact Fund Mortgage, whether due or not, with any excess paid to Borrower. If Borrower abandons the Mortgaged Property or does not answer within 30 days a notice from Impact Fund Lender that the insurance carrier has offered to settle a claim, then Impact Fund Lender may collect the insurance proceeds. Impact Fund Lender may use the proceeds to

repair or restore the Mortgaged Property or to pay sums secured by this Impact Fund Mortgage, whether or not then due. The 30-day period will begin when the notice is given.

Unless Impact Fund Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date referred to in the Impact Fund Mortgage Note. If under Section 17 the Mortgaged Property is acquired by Impact Fund Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the acquisition shall pass to Impact Fund Lender to the extent of the sums secured by this Impact Fund Mortgage immediately prior to such acquisition.

The provisions contained in this Section 4 are subject to any contrary provisions contained in the Existing Liens and Encumbrances or any other mortgage, deed of trust, contract for deed, or other security agreement that Impact Fund Lender has consented to in writing and to which this Impact Fund Mortgage is subordinate.

5. Preservation and Maintenance of Property; Leaseholds; Condominiums; and Planned Unit Developments. Borrower shall keep the Mortgaged Property in good repair, and shall not destroy, damage or substantially change the Mortgaged Property, allow the Mortgaged Property to deteriorate, commit waste, or permit impairment or deterioration of the Mortgaged Property. Borrower shall further comply with the provisions of any lease if this Impact Fund Mortgage is on a leasehold. If this Impact Fund Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

6. Protection of Impact Fund Lender's Security. If Borrower defaults under this Impact Fund Mortgage, or if there is any proceeding that may significantly affect Impact Fund Lender's interest in the Mortgaged Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Impact Fund Lender may, in its sole discretion, do and pay for whatever is necessary to protect the value of the Mortgaged Property and Impact Fund Lender's rights in the Mortgaged Property. Impact Fund Lender's actions may include paying any sums secured by a lien that has priority over this Impact Fund Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Mortgaged Property to make repairs.

Any amounts disbursed by Impact Fund Lender under this Section 6 shall become additional debt of Borrower secured by this Impact Fund Mortgage. These amounts shall bear interest from the date of disbursement at the lesser of 18% per annum or the highest interest rate permissible under applicable law, and shall be payable, with interest, upon notice from Impact Fund Lender to Borrower requesting payment.

Any action taken or expense incurred by Impact Fund Lender hereunder shall be in its sole discretion, and nothing contained in this Section 6 shall require Impact Fund Lender to take any action or to incur any expense hereunder.

7. Inspections. Impact Fund Lender may make or cause to be made reasonable entries upon and inspections of the Mortgaged Property. Provided, however, Impact Fund Lender shall give Borrower notice at the time of or prior to any inspection specifying reasonable cause for the inspection.

8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Mortgaged Property or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Impact Fund Lender. In the event of a total taking of the Mortgaged Property, the proceeds shall be applied to the sums secured by this Impact Fund Mortgage, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Mortgaged Property, unless Borrower and Impact Fund Lender otherwise agree in writing, a portion of such proceeds shall be applied against the indebtedness secured by this Impact Fund Mortgage, with such portion being equal to the amount of the proceeds multiplied by a fraction the numerator of which is the total amount of the sums secured by this Impact Fund Mortgage immediately before the taking, and the denominator of which is the fair market value of the Mortgaged Property immediately before the taking. Any balance shall be paid to Borrower.

If the Mortgaged Property is abandoned by Borrower, or if Borrower, after notice by Impact Fund Lender that the condemnor offers to make an award or settle a claim for damages, fails to respond to Impact Fund Lender within 30 days after the date the notice is given, then Impact Fund Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Mortgaged Property or to the sums secured by this Impact Fund Mortgage, whether or not then due.

Unless Impact Fund Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date referred to in the Impact Fund Mortgage Note.

The provisions contained in this Section 8 are subject to any contrary provisions contained in the Existing Liens and Encumbrances or any other mortgage, deed of trust, contract for deed, or other security agreement that Impact Fund Lender has consented to in writing and to which this Impact Fund Mortgage is subordinate.

9. **Borrower Not Released; Forbearance by Impact Fund Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Impact Fund Mortgage granted by Impact Fund Lender to any successor in interest of Borrower shall not operate to release any liability of the original Borrower and Borrower's successors in interest. Impact Fund Lender shall not be required to commence proceedings against any successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Impact Fund Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Impact Fund Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any such right or remedy.

10. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements herein contained shall, subject to the provisions contained in Section 16 below, bind and benefit the successors and assigns of Impact Fund Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Impact Fund Mortgage but does not execute the Impact Fund Mortgage Note; (i) is co-signing this Impact Fund Mortgage only to mortgage, grant and convey that Borrower's interest in the Mortgaged Property under the terms of this Impact Fund Mortgage, (ii) is not personally obligated to pay the sums secured by this Impact Fund Mortgage, and (iii) agrees that Impact Fund Lender and any other Borrower may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Impact Fund Mortgage or the Impact Fund Mortgage Note without that Borrower's consent and without releasing

that Borrower or modifying this Impact Fund Mortgage as to that Borrower's interest in the Mortgaged Property.

11. **Loan Charges.** If the indebtedness secured by this Impact Fund Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other charges collected or to be collected in connection with such indebtedness exceed the permitted limits, then; (i) any such charges shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Impact Fund Lender may choose to make this refund by reducing the principal owed under the Impact Fund Mortgage Note or by making direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Impact Fund Mortgage Note.

12. **Legislation Affecting Impact Fund Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Impact Fund Mortgage Note or this Impact Fund Mortgage unenforceable according to its terms, then Impact Fund Lender, in its sole discretion, may require immediate payment in full of all sums secured by this Impact Fund Mortgage and may invoke any remedies permitted under Section 17 below. If Impact Fund Lender exercises this option, then Impact Fund Lender shall give Borrower notice of such acceleration, and the notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower may pay all sums secured by this Impact Fund Mortgage. If Borrower fails to pay such sums prior to the expiration of such time period, then Impact Fund Lender may invoke any remedies permitted by this Impact Fund Mortgage without further notice or demand on Borrower.

13. **Notice.** Except for any notice required under applicable law to be given in another manner any notice to Borrower provided for in this Impact Fund Mortgage shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Impact Fund Lender as provided herein, and any notice to Impact Fund Lender shall be given by certified mail to Impact Fund Lender's address stated herein or to such other address as Impact Fund Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Impact Fund Mortgage shall be deemed to have been given to Borrower or Impact Fund Lender when given in the manner provided in this Section.

Borrower shall promptly notify Impact Fund Lender of the occurrence of any act or action referred to under the definition for "Maturity Date" in the Impact Fund Mortgage Note.

14. **Governing Law and Venue; Severability.** This Impact Fund Mortgage shall be governed by the laws of the State of Minnesota and any action brought under this Impact Fund Mortgage or the Impact Fund Mortgage Note shall be brought in the Minnesota District Court for the County of Ramsey, State of Minnesota. If any provision or clause of this Impact Fund Mortgage or the Impact Fund Mortgage Note conflicts with applicable law, such conflict shall not affect other provisions of this Impact Fund Mortgage or the Impact Fund Mortgage Note that can be given effect without that conflicting provision, and to this end the provisions of this Impact Fund Mortgage and the Impact Fund Mortgage Note are declared severable.

15. **Borrower's Copy.** Borrower shall be given a conformed copy of the Impact Fund Mortgage Note and of this Impact Fund Mortgage at the time of execution or within a reasonable time after recordation hereof.

16. **Transfer of the Mortgaged Property.** If all or any part of the Mortgaged Property, or an interest therein, is sold or transferred, whether by lease, deed, contract for deed, or otherwise, whether for consideration or by gift or in the event of death or otherwise, and whether voluntarily, involuntarily or by operation of law, then all sums secured by this Impact Fund Mortgage shall be immediately due and payable. Notwithstanding the foregoing; (i) if the Borrower owns the Mortgaged Property as co-tenants or tenants in common, a transfer of the Mortgaged Property, or any interest therein, from one co-tenant to another co-tenant or from one joint tenant to another joint tenant, whether by reason of death or otherwise, shall not be considered a transfer; (ii) a taking by eminent domain shall not be considered a transfer unless it is a total taking in the sense that payment is made for the full value of the Mortgaged Property, (iii) the creation of a lien or encumbrance which has been consented to by Impact Fund Lender and is subordinate to this Impact Fund Mortgage shall not be considered a transfer, (iv) the creation of a purchase money security interest for household appliances shall not be considered a transfer, and (v) any transfer that is required by law shall not be considered a transfer.

Impact Fund Lender shall give Borrower notice of such acceleration, and the notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower may pay all sums secured by this Impact Fund Mortgage. If Borrower fails to pay such sums prior to the expiration of such time period, then Impact Fund Lender may invoke any remedies permitted by this Impact Fund Mortgage without further notice or demand on Borrower.

NONUNIFORM COVENANTS. Borrower and Impact Fund Lender further agree as follows:

17. **Acceleration; Remedies.** Impact Fund Lender shall, prior to its acceleration of the indebtedness secured by this Impact Fund Mortgage, give written notice to Borrower by certified mail of any breach or default by Borrower of any covenant or agreement in the Impact Fund Mortgage Note or this Impact Fund Mortgage. The notice shall specify; (i) the breach or default, (ii) the action required to cure such breach or default, (iii) a date, not less than 30 days from the date the notice is given to Borrower, by which such breach or default must be cured, (iv) that failure to cure the breach or default on or before the date specified in the notice may result in acceleration of the sums secured by this Impact Fund Mortgage and the sale of the Mortgaged Property, and (v) that failure to cure such breach or default shall result in interest accruing on the sums secured by this Impact Fund Mortgage from and after the date of Borrower's breach or default at the lesser of 18% per annum or the highest lawful interest rate. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a breach or default or any other defense of Borrower to acceleration and sale. If the breach or default is not cured on or before the date specified in the notice, or if the "Maturity Date" as such term is used and defined in the Impact Fund Mortgage Note, has occurred, then Impact Fund Lender, at its sole option and discretion, may require immediate payment in full of all of sums secured by this Impact Fund Mortgage without further demand, and may invoke the power of sale and any other remedies permitted by applicable law. Impact Fund Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 17, including, but not limited to, reasonable attorneys' fees.

If Impact Fund Lender invokes the power of sale, then Impact Fund Lender shall cause a copy of a notice of sale to be served upon the person, if any, in possession of the Mortgaged Property. Impact Fund Lender shall publish a notice of sale and the Mortgaged Property shall be sold at public auction in the manner prescribed by applicable law. Impact Fund Lender or its designee may purchase the Mortgaged Property at any sale. The proceeds of the sale shall be applied in the following order; (i) to all sums secured by this Impact Fund Mortgage; (ii) to all costs and expenses of the sale, including, but not limited to, reasonable attorneys' fees; and (iii) the excess, if any, to the person or persons legally entitled thereto.

18. Borrower's Right to Reinstate. Notwithstanding Impact Fund Lender's acceleration of the sums secured by this Impact Fund Mortgage due to Borrower's breach or default, Borrower shall have the right to have any proceedings begun by Impact Fund Lender to enforce this Impact Fund Mortgage discontinued at any time prior to the earlier to occur of the sale of the Mortgaged Property pursuant to the power of sale contained herein or the entry of a judgment enforcing this Impact Fund Mortgage, if (i) Borrower pays Impact Fund Lender all sums constituting the default actually existing under this Impact Fund Mortgage and the Impact Fund Mortgage Note at the commencement of foreclosure proceeding under this Impact Fund Mortgage, (ii) Borrower cures all breaches or defaults of any other covenants or agreements of Borrower contained in this Impact Fund Mortgage, (iii) Borrower pays all reasonable expenses incurred by Impact Fund Lender in enforcing the covenants and agreements of Borrower contained in this Impact Fund Mortgage, and in enforcing Impact Fund Lender's remedies as provided in Section 17 above, including, but not limited to, reasonable attorneys' fees; and (iv) Borrower takes such action as Impact Fund Lender may reasonably require to assure that the lien of this Impact Fund Mortgage, Impact Fund Lender's interest in the Mortgaged Property, and Borrower's obligation to pay the sums secured by this Impact Fund Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this Impact Fund Mortgage and the obligation secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Release. Upon payment of all sums secured by this Impact Fund Mortgage, Impact Fund Lender shall discharge this Impact Fund Mortgage without charge to Borrower. Borrower shall pay all costs of recordation.

20. Waiver of Homestead. Borrower hereby waives all right of homestead exemption in the Mortgaged Property.

21. Subject to Existing Liens and Encumbrances. This Impact Fund Mortgage is subject and subordinate to the Existing Liens and Encumbrances, but not to any modification, extension, replacement, or renewal thereof, and only to the extent of the amounts from time to time remaining unpaid thereon, and no further or additional documents shall be needed or required to effectuate such subordination.

22. Principal Residence. Borrower shall, for all time periods that any amount is due and owing under the Impact Fund Mortgage Note and this Impact Fund Mortgage is outstanding, occupy the Mortgaged Property as its principal residence.

23. **Validity of Information.** All of the facts and information Borrower supplied regarding the loan evidenced by and relating to the Impact Fund Mortgage Note and this Impact Fund Mortgage, and the loans secured by the Existing Liens and Encumbrances were true at the time they were made.

(THE REMAINING PORTION OF THIS PAGE WAS LEFT BLANK.)

IN WITNESS WHEREOF, Borrower has executed this Community Revitalization Fund Mortgage on the day and date first above written.

BORROWER(S)

(Signature)

(Type name of Borrower)

(Signature)

(Type name of Borrower)

STATE OF MINNESOTA)
) ss.

COUNTY OF _____)

On this _____ day of _____, _____, before me, a Notary Public within and for said County, personally appeared _____, _____ (Insert Borrower's names and marital status), to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that he executed the same as _____ free act and deed.

Notary Public

Drafted by:

Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101-1998

Space Below This Line Reserved for Impact Fund Lender and Recorder.