



the unpaid balance at the end of each day. Interest starts on the date of this Note and continues until the loan is paid in full. Beginning on \_\_\_\_\_ and on the same calendar day of each succeeding month thereafter until the entire indebtedness has been paid in full Borrower agrees to pay \_\_\_\_\_ in equal installments consisting of principal and interest, over a term of \_\_\_\_\_ months. The balance of any remaining unpaid principal plus accrued interest shall be due and payable on \_\_\_\_\_. Each installment payment shall be applied first to interest accrued on the then unpaid principal balance and the balance thereof shall be applied in reduction of principal. I will send all of the payments required to the Lender at its address shown above, or at such other address, of which the Lender may from time to time give me notice in writing.

### **DEFAULT INTEREST RATE**

I acknowledge and understand that the interest rate provided for above is a lower interest rate because I have agreed to have my monthly payments deducted from an account by Automated Clearing House ("ACH"). I understand that after the date of this note, it may take up to 90 days to set-up the ACH process. During the implementation of the ACH process, I acknowledge and agree that it is my responsibility to make all required payments by alternative methods which are approved by the Lender, or any third party appointed by the Lender to service the Loan ("Loan Servicer"). I will also promptly comply with all requests, including documentation, from the Lender or Loan Servicer which are necessary to complete the ACH implementation.

**I further acknowledge and understand that in the event three or more payments are rejected or returned through ACH or my participation in ACH is terminated for any reason (all events being defined as an "ACH Default"), the Lender may immediately and permanently raise my interest rate by 1/2 of 1 percent and require all future payments by another approved method. (The interest rate will increase from \_\_\_\_\_ percent to \_\_\_\_\_ percent). The lender may only increase the initial interest rate by 1/2 of 1 percent, regardless of further events that would constitute an ACH Default. I acknowledge and understand, however, that an increase in my interest rate will permanently increase the monthly payments due.**

### **NO SECURITY INTEREST – USURY LAWS**

This note is being made under Minnesota Statutes Section 334.01 and is NOT secured by a mortgage on my residence. Minnesota has laws which limit how much interest that the Lender can collect from me ("Usury Laws"). I understand that the Lender does not intend to violate applicable Usury Laws. To the extent any interest or other amounts payable pursuant to this Note would be a violation of applicable Usury Laws, the Lender will apply the amount in excess of Usury Laws to the payment of principal of the Loan or, if no principal of the Loan is outstanding, refund the amount in excess of Usury Laws to me.

**BORROWER MAKES THE FOLLOWING PROMISES:**

1. The property identified above ("my residence") to be improved is my principal residence.
2. My residence is a completed home and is a year-round permanent residence.
3. My residence is permanently attached to the land by way of a foundation and is taxed as real property.
4. I will not use more than 49% of my residence primarily for business purposes.
5. I have at least a one-third interest in my residence, either as owner, as holder of a life estate, or as a buyer under a contract for deed.

**PREPAYMENT**

I may prepay part or the entire Loan at any time without a prepayment penalty. However, partial prepayment will not excuse me from paying the required monthly amount on schedule until my loan is paid in full.

**ADDITIONAL TERMS**

1. I will be in default if:
  - A. I fail to comply with any requests made by the Lender or Loan Servicer which are necessary to implement ACH.
  - B. I do not make a payment when due or in the full amount;
  - C. I made misstatements on my loan application;
  - D. I do not keep required insurance on my residence;
  - E. I use my residence for an unlawful purpose;
  - F. I transfer any or all interest in my residence without paying the Loan in full;
  - G. I do not live up to any promise I have made in this Note; or
  - H. The Property is not used as my principal residence.
2. If I am in default, the Lender may require immediate payment of the unpaid balance of this Note, including the interest I owe. The Lender may also exercise any other legal rights that the Lender may have. However, even if I am in default, the Lender does not have to require immediate payment. The Lender may delay enforcing any of the Lender's rights without losing them.
3. I must pay any reasonable attorney's fees, legal expenses, and costs of collection that result from my default (unless prohibited by law).
4. Another may not assume the remainder of my debt on the original terms unless they obtain the consent of the holder of this Note.
5. No amendment or modification of this Note shall be effective unless it is in writing and signed by me and the holder of this Note.

6. No waiver by the Lender of any term or condition of this Note shall be valid unless it is in writing and signed by the Lender, nor shall any such waiver be deemed a continuing waiver of such term or condition.
7. This Note shall be binding upon execution and shall extend to the parties hereto and their respective successors and permitted assigns.
8. Any notice that must be given under this Note shall be given by delivering or mailing, by certified mail, such notice to the address shown above for the Lender, or such other address as the Lender may designate in writing, and to the Property Address shown above for Borrower.
9. This Note is controlled by the laws of the State of Minnesota.

**SIGNATURES**

**Borrower’s Signature.**

I received a copy of this Note before signing it. I agree to all of its terms.

\_\_\_\_\_  
Borrower’s Signature

**Co-Borrower’s Signature**

The person signing here is the Co-Borrower. The Co-Borrower has the same responsibilities under this Note as the person who is signing this Note as Borrower.

\_\_\_\_\_  
Co-Borrower’s Signature

**FOR GUARANTOR’S USE ONLY:**

The person signing here is the guarantor. The Lender may require the guarantor to pay the loan at any time after it becomes due, whether or not the Lender has then made any effort to collect the loan from the Borrower or Co-Borrower. The guarantor will continue to be responsible even if the Lender consents to changes in this Note or releases any other person from responsibility. The guarantor must also pay any attorney’s fees and other costs of enforcing this guaranty. **See Notice to Guarantor below.**

Guarantor’s Name (if any):

\_\_\_\_\_

Guarantor’s Address:

\_\_\_\_\_

\_\_\_\_\_  
Guarantor’s Signature

**NOTICE TO GUARANTOR**

You are being asked to guarantee this debt. Think carefully before you do. If the Borrower doesn’t pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount. The Lender can collect this debt from you without first trying to collect from the Borrower. The Lender can use the same collection methods against you that can be used against the Borrower, including, but not limited to, suing you or garnishing your wages. If this debt is ever in default, this fact may become a part of your credit record.

**ENDORSEMENT TO MHFA**

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

Lender: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_