

Homeownership Assistance Fund (HAF) Loan Program NOTE

Date: _____ Maturity Date: _____
(must match maturity date of First Mortgage)

HAF Assistance: \$ _____
(amount of HAF Assistance)

BORROWER NAME

Last First MI

CO-BORROWER NAME

Last First MI

PROPERTY ADDRESS

Street City

County Zip

The land at the above listed address along with the residential dwelling unit currently located thereon or to be constructed thereon are collectively referred to in this Note as the "Property".

1. The above named Borrower and Co-Borrower, if applicable, (collectively, the "Borrower") jointly and severally agree to pay to the order of

(name of Lender)

(the "Lender"), whose address is

(address of Lender)

a 0% interest deferred mortgage loan (the "HAF Loan") in the amount of

(HAF loan amount in words)

(\$ _____) the proceeds of which are to (i) to assist Borrower in paying all or a portion of the costs related to the closing and/or

down payment costs of that certain loan from

(First Mortgage Lender)

of even date herewith, in the original principal amount of
\$ _____
(First Mortgage loan amount)

(the "First Mortgage Loan") and/or all or a portion of the down payment for the purchase of the Property:

2. The repayment of the obligation evidenced by this Note is secured by the Homeownership Assistance Fund Mortgage (the "HAF Mortgage") and is the Note referred to therein. All of the terms, and conditions of the HAF Mortgage are incorporated herein by reference and are hereby made a part of this instrument to the same extent as if fully set forth herein:
3. This Note may be prepaid, in full or in part, at any time without penalty.
4. Borrower hereby makes the following representations and provides the following warranties to Lender
 - A. Borrower will be the record owner of the Property;
 - B. Borrower will occupy the Property as their primary and permanent residence;
 - C. The facts provided by the Borrower to the Lender in connection with its application for the First Mortgage Loan and the HAF Loan are all true and correct;
 - D. Borrower will cooperate fully with the Lender in obtaining and furnishing all information with respect to the Borrower's qualification for the First Mortgage Loan and the HAF Loan, as the Lender may reasonably request, and will further enter into and execute any and all documents needed to further document and secure the repayment of the HAF Loan as the Lender may reasonably request.
5. Lender shall, subject to the following conditions, lend the following monies to the Borrower:
 - A. Subject to the condition that as of the closing date for the First Mortgage Loan the representations of Borrower set forth in Section 4 of this Note are true and correct, then on such closing date the Lender shall, if applicable, lend and disburse to Borrower or on Borrower's behalf the amount set forth above, if any, for the HAF Entry Cost Assistance to assist Borrower in paying the closing costs of the First Mortgage Loan and/or the down payment for the purchase of the Property.
6. The total and outstanding unpaid principal balance of this Note shall become due and payable, without interest (except as provided herein), in one single

and final payment on the Maturity Date. Maturity Date means the earliest to occur of one or more of the following dates or events:

- A. On _____.
(maturity date of First Mortgage)
 - B. Borrower is in default of any term or condition of the First Mortgage Loan, the mortgage securing the repayment of the First Mortgage Loan, or any document related to or evidencing the First Mortgage Loan;
 - C. There has been a sale, transfer or assignment of any of Borrower's interest in the Property (whether by deed, contract for deed, foreclosure, bankruptcy or otherwise and whether voluntary, involuntary or by operation of law), except for a transfer of the Property to a surviving joint tenant, if any, by reason of the Borrower's death;
 - D. Borrower has rented any portion of the Property to another;
 - E. Borrower ceases to occupy the Property as its principal residence, except for a transfer of the Property to a surviving joint tenant, if any, by reason of the Borrower's death;
 - F. Payment in full of the First Mortgage Loan, which includes, but is not limited to, a refinancing of the First Mortgage Loan;
 - G. The First Mortgage Loan becomes due and payable in full (i.e. the maturity date of the First Mortgage Loan);
 - H. All payments due and owing on the First Mortgage Loan are declared immediately due and payable; or
 - I. The Lender determines that any of Borrower's representations and/or warranties made herein or any other information furnished by Borrower to the Lender regarding the First Mortgage Loan and the HAF Loan are inaccurate or misleading in any material respect.
7. All of the payments required hereunder shall be made to Lender at its address shown hereinabove, or at such other address, of which Lender may from time to time give Borrower notice in writing.
 8. In the event that the entire indebtedness of Borrower to Lender becomes immediately due and payable pursuant to Section 6 and Borrower does not promptly pay such amount to the Lender, then the unpaid portion of such indebtedness shall bear interest from the due date until paid at the same interest rate as is required to be paid under the First Mortgage Loan on the date that such amount becomes due and payable to the Lender or if the First Mortgage Loan has been repaid in full or foreclosed prior to such date at the same interest rate as was required to be paid under the First Mortgage Loan on the date immediately before the repayment or foreclosure of the First Mortgage Loan, and the payment of such interest shall accrue from the date

on which such amounts become due and payable to the Lender until the date on which such amounts are paid in full.

9. All payments made by Borrower to the Lender that are not specifically designated as a payment of a specific amount due and owing to the Lender under a specified agreement shall be applied by the Lender in the following order of priority:
 - A. First to any and all accrued and unpaid interest on the First Mortgage Loan if the Lender is the owner thereof;
 - B. Second to the payment of principal on the First Mortgage Loan if the Lender is the owner thereof;
 - C. Third to amounts owing, if any, under this Note; and
 - D. Fourth to amounts owing, if any, under any agreement or document that secures the repayment of the amounts owing under this Note.
10. This Note is subordinate to the First Mortgage Loan, and the indebtedness secured thereby.
11. Borrower may not assign its interest in this Note without the prior written consent of the Lender, which consent may be withheld by the Lender at its sole option and discretion.
12. The Lender may assign its rights under this Note at any time without the consent of or consultation with Borrower.
13. No amendment or modification of this Note shall be effective unless it is in writing and signed by the parties hereto.
14. No waiver by 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.
15. This Note shall be binding upon and shall extend to the parties hereto and their respective successors and permitted assigns.
16. Borrower and all others who are liable for the repayment of all or any part of the HAF 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.
17. If any payment due under this Note is not paid when due, and this Note is placed in the hands of any attorney or attorneys for collection or foreclosure of the HAF Mortgage or enforcement of any other security instrument securing

payment hereof, the Borrower agrees 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 HAF Mortgage.

18. No failure or delay by the Lender to exercise any right or remedy under this Note shall waive such right or remedy.
19. 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 Lender, or such other address as Lender may designate in writing, and to the Property Address shown above for Borrower.
20. This Note is made and delivered in the State of Minnesota, and accordingly, the clauses and provisions of this 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.
21. The Borrower hereby acknowledges receipt of a copy of this Note.

Borrower's Signature

Dated: _____

(Print Borrower Name)

Co-Borrower's Signature

Dated: _____

(Print Co-Borrower Name)

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

ENDORSEMENT TO MHFA

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

Lender: _____
(Print Lender Company Name)

(Signature of Authorized Lender Representative)

By: _____
(Print Name of Authorized Lender Representative)

Its: _____
(Print Title of Authorized Lender Representative)