

**Minnesota Housing Finance Agency  
Disaster Recovery Loan  
NOTE**

Date: [Closing Date]

**BORROWER(S)**

[Borrower Full Name 1][Before Borrower 2][Borrower Full Name 2][Before Borrower 3][Borrower Full Name 3][Before Borrower 3][Borrower Full Name 4]

**PROPERTY ADDRESS**

[Property Full Address] in [Property County] County

**LENDER**

[Lender Name] at [Lender Address]

1. The above named Borrower and the Co-Borrower, if applicable, (collectively, the “Borrower”) desire to obtain from the above named Lender (the above named Lender and its successors and assigns are defined as the “Lender”) a 0% interest loan (“the Loan”) in the amount of [Loan Amount] 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 or, in the alternative, acquisition of the structures and land, located at the above listed property address (collectively referred to as the “Property”).
2. Borrower, by executing this [Program] Loan Note (the “Note”), acknowledges, understands and agrees that Lender’s obligation to provide and fund the Loan is subject to Borrower’s prior and continuing compliance with all of the terms, conditions, provisions, covenants and representations contained in this Note, and if Borrower fails to comply then Lender may, at its sole option and discretion, refuse to provide and fund any portion or all of the Loan.
3. Lender’s obligation to provide funds for the Loan expires on the date that is six (6) calendar months from the date this Note is signed, unless an extension is granted by the Minnesota Housing Finance Agency. If Borrower has not requested disbursement of the full amount of the Loan by such date then the amount of the Loan will be reduced to the amount of funds that Lender has provided under this Note and Borrower will execute any and all documents that Lender may reasonably request in order to reflect such reduction in the amount of the Loan.
4. The repayment of the indebtedness evidenced by this Note is secured by that certain [Program] Loan Mortgage (the “Mortgage”) of even date with this Note, and this is the “Note” referred to in the Mortgage.
5. Borrower makes the following representations, covenants and commitments for the purpose of inducing Lender to provide and fund the 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 Loan is outstanding and unpaid;



- B. Borrower is occupying and will continue to occupy the Property as his/her principal residence or, in the alternative, Borrower owns the Property as a single family rental property and will continue to do so for as long as any part of the Loan is outstanding. The Borrower will maintain the same occupancy (principal residence or rental) for the duration of the loan;
  - C. Borrower is in full compliance with all of the terms, conditions, covenants and warranties contained in any and all mortgages, deeds of trust, contracts for deed, leases, or other security agreements that create a lien that has a priority over the lien created by the Mortgage;
  - D. Borrower will promptly notify Lender 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, contracts for deed, leases, or other security agreements that create a lien that has a priority over the lien created by the Mortgage;
  - E. The facts provided by Borrower to Lender in connection with Borrower's applications for the 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 Lender in obtaining and furnishing all additional information with respect to Borrower's qualification for the Loan as Lender may reasonably request;
  - G. Borrower will enter into and execute any and all documents needed to further document and secure the repayment of the Loan as Lender may reasonably request including, but not limited to, the Mortgage (such documents are collectively referred to as the "Additional Loan Documents");
  - H. The Property is located within a designated county affected by a declared disaster; and
  - I. Borrower will receive all necessary governmental approvals.
6. Upon Borrower's execution of this Note and the Additional Loan Documents, Lender will make the Loan to Borrower.
7. Borrower will not be required to make any periodic payments on any portion of the Loan, and the full outstanding and unpaid principal balance of the Loan will be repaid in accordance with the provisions contained in Section 8 and 8a.
8. Borrower agrees to pay the principal sum of the Loan, with interest as provided in this Note, upon the occurrence of any of the following events within the period of ten (10) years after the date of this Note as set forth above:
- A. Borrower sells, transfers, or conveys his/her/their ownership interest in the Property.
  - B. Borrower ceases, for any reason, to occupy the Property described above as his/her/their principal place of residence, or in the alternative, Borrower ceases to own the Property as a single family rental property.
  - C. Borrower fails to fully and completely comply with any term, covenant, condition, provision, or requirement contained in this Note, the Mortgage or the Additional Loan Documents.
  - D. Any representation or covenant made by Borrower in this Note or the Additional Loan Documents is determined to be known to be untrue at the time it was made by the Borrower.



- 8a. Borrower acknowledges and agrees that any governmental funds or private insurance funds received subsequent to receipt of any the Loan funds, relating to the same disaster, shall result in a corresponding reduction and/or repayment of the Loan funds. Such governmental funds include, but are not limited to, funds received due to reconsideration from the Small Business Administration and funds received through a buyout or mitigation funded in whole or in part by any federal or state agency.
9. Absent the occurrence of the events set forth in Section 8, Borrower will have no obligation to repay the Loan after [Maturity Date].
10. Borrower and Co-Borrower, if any, are advised that such **forgiveness of the Loan may have adverse tax consequences** such as being considered taxable income and, therefore, Borrower and Co-Borrower, if any, may wish to consult an attorney or tax advisor regarding this matter.
11. Any payments due to be made by Borrower to Lender will be paid to Lender at the address shown above for Lender or such other address as Lender may designate in writing.
12. Any payments made by Borrower with respect to any indebtedness due under this Note will be applied first to any amounts incurred or disbursed by Lender in the exercise of any rights and/or remedies that Lender may possess under the 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.
13. The Loan may be prepaid, in whole or in part, at any time without penalty.
14. Borrower may not assign its interest in this Note.
15. Lender may assign its rights under this Note at any time without the consent of or consultation with Borrower.
16. No amendment or modification of this Note will be effective unless in writing and signed by the party against which such amendment or modification is sought to be enforced.
17. No waiver by Lender of any term or condition of this Note will be valid unless in writing and signed by Lender, nor will any such waiver be deemed a continuing waiver of such term or condition.
18. Borrower and Co-Borrower(s) are liable for the repayment of all or any part of the Loan and agree to be jointly and severally bound. Borrower and Co-Borrower(s) jointly and severally waive demand, protest, notice of nonpayment and any and all lack of diligence or delays in collection or enforcement of the Loan, and specifically consent to any extension of time, or release of any party liable for the payment of such the Loan, including any maker, or acceptance of other security. Any such extension or release may be made without notice to said party and without in any way affecting the liability of such party.
19. If any payment due under this Note is not paid when due, and this Note is referred to an attorney for collection or foreclosure of the Mortgage or enforcement of any other security instrument securing payment of this Note, Borrower promises to pay, in addition to the amount due on this Note, the reasonable costs and expenses of foreclosure and collection (including attorneys' fees), and all such costs and expenses will be secured by the Mortgage.
20. No failure or delay by Lender to exercise any right or remedy under this Note will waive such right or remedy.



21. Any notice that must be given under this Note will be given by delivering or mailing, by certified mail, such notice to the following addresses:
- A. Notices to Borrower will be delivered or mailed to the Property Address shown above for Borrower, or such other address as Borrower may designate in writing; and
  - B. Notices to Lender will be delivered or mailed to the address shown above for Lender or such other address as Lender may designate in writing.
22. This Note is made and delivered in Minnesota, and accordingly, the clauses and provisions of this Note and the rights, payments, charges, indebtedness and other items referenced by this Note will be construed and enforced according to the laws of the State of Minnesota.
23. Lender's funding of the Loan, in any amount, will be evidence of Lender's acceptance of this Note and Lender's agreement with and acceptance of all of the terms and conditions contained in this Note that are imposed upon Lender.
24. Borrower acknowledges receipt of a copy of this Note.

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Borrower's Signature

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Borrower's Signature

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Borrower's Signature

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Borrower's Signature

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**TIL and NMLS ID**

<u>[Lender Name]</u>	<u>[Loan Officer]</u>
Loan Originator Company Name	Loan Originator Individual Name (as name appears on NMLS)

<u>[Lender Company NMLS ID]</u>	<u>[Loan Officer NMLS ID]</u>
Loan Originator Company NMLS ID	Loan Originator Individual NMLS ID (if applicable)

**ENDORSEMENT TO MINNESOTA HOUSING FINANCE AGENCY**

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

Lender: [Lender Name]

\_\_\_\_\_  
(Signature of Authorized Lender Representative)

By: \_\_\_\_\_  
(Print Name of Authorized Lender Representative)

Its: \_\_\_\_\_  
(Print Title of Authorized Lender Representative)

SAMPLE

