

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

THIS MORTGAGE ("Mortgage") is made and executed this [Closing Date] By [Mortgagors and Relationship to Each Other] (collectively, "Borrowers"), and [Accommodation 1][Accommodation 2][Accommodation 3][Accommodation 4] (collectively, "Accommodation Parties"), and given to [Lender Name] whose address is [Lender Address] (the above named Lender and its successors and assigns are defined as the "Lender").

WHEREAS, Lender has made a loan to Borrowers, or for Borrowers' benefit, in an amount of [Loan Amount] (the "Loan").

WHEREAS, Borrowers are obligated, at the time of occurrence of certain events, to repay to Lender the Loan all in accordance with the provisions set forth in that certain [Program] Loan Note (the "Note").

WHEREAS, Accommodation Parties, if any possess an ownership interest in the real property described in this Mortgage and consent to the placement of a mortgage lien on such property to secure the repayment of the Loan.

NOW, THEREFORE, in consideration of the previous premises and to secure (i) the repayment of indebtedness evidenced by the Note, (ii) the payment of all other sums, advanced in accordance with this Mortgage to protect the security of this Mortgage, and (iii) the performance of the covenants and agreements of Borrowers and Accommodation Parties under this Mortgage and the Note, Borrowers and Accommodation Parties do grant, bargain, sell and convey to Lender and its successors and assigns, forever and with a power of sale, all of their interests in the following described real property located in the County of [Property County], State of Minnesota:

[Property Legal]

which has the address of [Property Full Address] (The "Property Address");

TOGETHER with all improvements now or subsequently erected on such property, and all easements, rights, hereditaments, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock to such property, and all fixtures now or subsequently a part of such property. All of Borrowers' and



Accommodation Parties' interest in any and all replacements and additions to such items are also covered by this Mortgage. All of the foregoing, including the real property, are referred to in this Mortgage as the "Mortgaged Property".

1. **Covenants and Warranties.** Borrowers and Accommodation Parties make the following warranties, representations and covenants regarding their collective ownership of the Mortgaged Property, liens and/or encumbrances on the Mortgaged Property, and use of the Mortgaged Property, and all of such warranties, representations and covenants will survive the foreclosure of this Mortgage:
 - A. They are cumulatively lawfully seized in fee simple of that portion of the Mortgaged Property that is real property as described in this Mortgage and cumulatively are the absolute owners of that portion of the Mortgaged Property that is personal property subject to any leasehold interests;
 - B. They have the right and power to mortgage and convey the Mortgaged Property;
 - C. They are in full compliance with all of the terms, conditions, covenants and warranties contained in any and all mortgages, deeds of trust, contract for deed, leases, or other security agreements that create a lien that has a priority over the lien created by this Mortgage;
 - D. All real estate taxes and special assessments that apply to the Mortgaged Property have been paid to date and are current;
 - E. All buildings, improvements, and fixtures now or subsequently located on the real property described in this Mortgage are, or will be, located entirely within the boundaries of such real property, and
 - F. Borrowers will fully comply with all the terms and conditions of the Note.
2. **Payment of Principal and Interest.** Borrowers will promptly pay to Lender, or its successor and assigns, when due according to the terms and conditions of the Note, the principal of and interest, if any, on the indebtedness evidenced by the Note. If the Note becomes payable in full, then such payment will be due on or before [Maturity Date]. Accommodation Parties have no obligation to pay and are not liable for the payment of any portion of the indebtedness evidenced by the Note.
3. **Application of Payments.** Unless applicable law provides otherwise, any payments received by Lender under Section 2 will be applied first to any amounts that Lender has paid and/or advanced, second to interest due and payable on the Loan, if any, and last to principal due and owing on the Loan.
4. **Compliance with Superior Liens and Payment of Taxes and Assessments.** Borrowers and Accommodation Parties will fully comply with all of the terms, conditions, covenants and warranties contained in any and all mortgages, deeds of trust, contract for deed, leases, or other security agreements that create a lien which has, or will have, a priority over the lien created by this Mortgage, and will pay all taxes, assessments, charges, fines and impositions attributable to the Mortgaged Property which may attain a priority over the lien created by this Mortgage, and leasehold payments or ground rents, if any, relating to their ownership or use of the Mortgaged Property. Borrowers and Accommodation Parties will pay these obligations by making payment, when due, directly to the persons owed such payment. Borrowers will promptly furnish to Lender upon request all notices of amounts due under this Section, and receipts evidencing such payments.



5. **Hazard Insurance.** Borrowers and Accommodation Parties will keep the improvements that are now a part of or subsequently become a part of the Mortgaged Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards for which Lender may require insurance. This insurance will be maintained in the amounts and for the periods Lender may designate. The insurance carrier providing the insurance must be licensed to do business in the State of Minnesota.

All insurance policies and renewals must be in a form that is generally used in the State of Minnesota and acceptable to mortgage lenders who make mortgage loans in the State of Minnesota, and will include a standard mortgage clause in favor of Lender. If Lender requires, Borrowers or Accommodation Parties will promptly give to Lender evidence of the existence and payment in full of such insurance. In the event of loss, Borrowers or Accommodation Parties will give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrowers or Accommodation Parties.

Unless Lender, Borrowers and Accommodation Parties otherwise agree in writing, insurance proceeds will be applied to restoration or repair of the Mortgaged Property if such restoration or repair is economically feasible and Lender's security is not diminished. If such restoration or repair is not economically feasible or Lender's security would be diminished, then the insurance proceeds will be applied to the sums secured by this Mortgage, whether due or not, with any excess paid to Borrowers or Accommodation Parties. If Borrowers and Accommodation Parties abandon the Mortgaged Property or do not answer a notice from Lender that the insurance carrier has offered to settle a claim within thirty (30) days from Lender's placing such notice in the mail with proper postage attached, then Lender may collect the insurance proceeds and may use such proceeds to repair or restore the Mortgaged Property or to pay sums secured by this Mortgage, whether or not then due.

Unless Lender, Borrowers, and Accommodation Parties otherwise agree in writing, any application of insurance proceeds to principal will not extend or postpone the due date referred to in Section 2. If under Section 18 the Mortgaged Property is acquired by Lender, Borrowers' and Accommodation Parties' rights to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the acquisition will pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such acquisition.

The right of Lender under this Section 5 is subject and subordinate to the rights of any holder of a mortgage, deed of trust, contract for deed, lease, or other security agreement that creates a lien that has a priority over the lien created by this Mortgage.

6. **Preservation and Maintenance of Property; Leaseholds; Condominiums; and Planned Unit Developments.** Borrowers and Accommodation Parties will keep the Mortgaged Property in good repair, and will 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. Borrowers and Accommodation Parties will further comply with the provisions of any lease if this Mortgage is on a leasehold estate. If this Mortgage is on a unit in a condominium or a planned unit development, then Borrowers and Accommodation Parties will further perform all of its 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 all constituent documents.
7. **Protection of Lender's Security.** If Borrowers or Accommodation Parties fail to perform the covenants and agreements contained in this Mortgage, or if there is any legal proceeding that may significantly affect Lender's interest in the Mortgaged Property (such as a proceeding in bankruptcy, probate, condemnation,



or to enforce laws or regulations), then Lender may, at its sole option and discretion, do and pay for whatever is necessary to protect the value of the Mortgaged Property and Lender's rights in the Mortgaged Property. Lender's actions may include paying any sums secured by a lien that has priority over the lien created by this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Mortgaged Property to make repairs.

Any amounts disbursed by Lender under this Section 7 will become additional debt of Borrowers due under the Note and will be secured by this Mortgage. Such additional debt will be immediately due and payable upon notice from Lender to Borrowers demanding such payment.

Any action taken or expense incurred by Lender under this Mortgage will be at its sole option and discretion and nothing contained in this Mortgage, including but not limited to this Section 7, will require Lender to take any action or to incur any expense under this Mortgage.

8. **Inspections.** Lender may make or cause to be made reasonable entries upon and inspections of the Mortgaged Property in order to confirm Borrowers' and Accommodation Parties' full and complete compliance with the provisions contained in this Mortgage, and Borrowers and Accommodation Parties consent to Lender's entry onto and inspection of the Mortgaged Property for such purpose. Provided, however, Lender will give Borrowers prior notice of its intent to enter onto and inspect the Mortgaged Property and any such entry and inspection will take place at a reasonable time.
9. **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 assigned to and will be paid to Lender.

In the event of a total taking of the Mortgaged Property, the proceeds will be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrowers and Accommodation Parties. In the event of a partial taking of the Mortgaged Property, unless Lender, Borrowers, and Accommodation Parties otherwise agree in writing, a portion of such proceeds will be applied against the indebtedness secured by this 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 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 will be paid to Borrowers and Accommodation Parties.

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

Unless Lender, Borrowers and Accommodation Parties otherwise agree in writing, any application of proceeds to principal will not extend or postpone the due date referred to in Section 2. If under Section 18 the Mortgaged Property is acquired by Lender, Borrowers' and Accommodation Parties' rights to any condemnation proceeds resulting from the condemnation of any or all of the Mortgaged Property prior to the acquisition will pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such acquisition.



The right of Lender under this Section 9 is subject and subordinate to the rights of any holder of a mortgage, deed of trust, contract for deed, lease, or other security agreement that creates a lien that has a priority over the lien created by this Mortgage.

10. **Borrowers and Accommodation Parties Not Released; Forbearance by Lender Not a Waiver.** Extension of the time for payment of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrowers and Accommodation Parties will not operate to release, in any manner, them from the provisions contained in this Mortgage or the Note. Lender will not be required to commence proceedings against any successor in interest. Any forbearance by Lender in exercising any right or remedy will not be a waiver of or preclude the exercise of any such right or remedy.
11. **Successors and Assigns Bound; Joint and Several Liability; Accommodation Parties.** The covenants and agreements contained in this Mortgage will bind and apply to all successors and assigns of Lender, Borrowers' and Accommodation Parties', and all covenants and agreements will be joint and several. An individual who executes this Mortgage but does not execute the Note; (i) is executing this Mortgage for the sole purpose of mortgaging, granting and conveying his/her interest in the Mortgaged Property under the terms of this Mortgage, (ii) is not personally obligated to pay the sums secured by this Mortgage, and (iii) agrees that Lender and any other party to this Mortgage may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without the consent of all of the individuals and entities that constitute Borrowers and Accommodation Parties and without releasing such individuals and entities or modifying this Mortgage as to such individuals' and entities' interest in the Mortgaged Property.
12. **Loan Charges.** If the indebtedness secured by this 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 will be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected which exceeded permitted limits will be refunded to Borrowers. Lender may choose to make this refund by reducing the principal owed under the Note or by making direct payment to Borrowers. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.
13. **Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, then Lender, at its sole option and discretion, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted under Section 18. If Lender exercises this option, then Lender will comply with the notice requirement contained in Section 14.
14. **Notice.** Except for any notice required under applicable law to be given in another manner (i) any notice to Borrowers or Accommodation Parties provided for in this Mortgage will be given by delivering or mailing such notice by certified mail to Borrowers and Accommodation Parties at the Property Address or at such other address as Borrowers or Accommodation Parties may designate by notice to Lender, and (ii) any notice to Lender will be given by certified mail to Lender at the address stated in this Mortgage for Lender or to such other address as Lender may designate by notice to Borrowers and Accommodation Parties.
15. **Governing Law; Severability.** The laws of the State of Minnesota will govern this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict will



not affect other provisions of this Mortgage or the Note which can be given effect without that conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable.

16. **Borrowers' and Accommodation Parties' Copy.** Borrowers and Accommodation Parties will be given a conformed copy of the Note and of this Mortgage at the time of execution or within a reasonable time after recordation.
17. **Sale or Transfer of the Mortgaged Property.** If within ten (10) years from the date of the Note all or any part of the Mortgaged Property, or if all or any part of Borrowers' and Accommodation Parties' interest in the Mortgaged Property, is sold or transferred, whether by lease, 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 Mortgage will be immediately due and payable. Notwithstanding the foregoing (i) if Borrowers and Accommodation Parties own the Mortgaged Property as co-tenants, a transfer of the Mortgaged Property, or any interest in the Mortgaged Property, from one co-tenant to another co-tenant, whether by reason of death or otherwise, will not be considered a transfer; (ii) a taking by eminent domain will not be considered a transfer unless it is a total taking and the 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 Lender in writing and is subordinate to the lien created by this Mortgage will not be considered a transfer, and (iv) the creation of a purchase money security interest for household appliances will not be considered a transfer.
18. **Acceleration; Notice and Remedies.** Lender will give written notice to Borrowers and Accommodation Parties by certified mail prior to acceleration following Borrowers' or Accommodation Parties' breach of any covenant or agreement in this Mortgage and such notice will specify; (i) the default, (ii) the action required to cure such default, (iii) a date, not less than thirty (30) days from the date the notice is given, by which such default must be cured, and (iv) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and the sale of the Mortgaged Property. The notice will further inform Borrowers and Accommodation Parties 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 Borrowers or Accommodation Parties to acceleration and sale. If the breach is not cured on or before the date specified in the notice or the date on which the full and remaining outstanding balance of the Loan is to be paid in full as specified in this Mortgage, then Lender, at its sole option and discretion, may require immediate payment in full of all of sums secured by this Mortgage without further demand, and may invoke the power of sale and any other remedies permitted by applicable law. Lender will be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 18, including, but not limited to, reasonable attorneys' fees.

If Lender invokes the power of sale contained in this Mortgage, then Lender will cause a copy of a notice of sale to be served upon the person, if any, in possession of the Mortgaged Property. Lender will publish a notice of sale and the Mortgaged Property will be sold at public auction in the manner prescribed by applicable law. Lender or its designee may purchase the Mortgaged Property at any sale. The proceeds of the sale will be applied in the following order (i) to all sums secured by this 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 to such excess.

19. **Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Mortgage due to a breach, Borrowers and Accommodation Parties will have the right to have any proceedings begun by Lender to enforce this 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 in this Mortgage or the entry of a judgment enforcing this Mortgage if Borrowers or Accommodation Parties (i) pay to Lender all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceeding under this Mortgage, (ii) cure all breaches of any other covenants or agreements contained in this Mortgage, (iii) pay all reasonable expenses incurred by Lender in enforcing the covenants and agreements contained in this Mortgage and in enforcing Lender's remedies as provided in Section 18 including, but not limited to, reasonable attorneys' fees, and (iv) take such action as Lender may reasonably require to assure that the lien created by this Mortgage, Lender's interest in the Mortgaged Property, and Borrowers' obligation to pay the sums secured by this Mortgage will continue unimpaired. Upon such payment and cure this Mortgage and the obligation secured by this Mortgage will remain in full force and effect as if no acceleration had occurred.

20. **Lender in Possession.** Upon acceleration under Section 18 or abandonment of the Mortgaged Property, and at any time prior to the expiration of any period of redemption following sale of the Mortgaged Property, Lender (in person, by agent or by judicially appointed receiver) will be entitled to enter upon, take possession of, and manage the Mortgaged Property, and to collect any rents generated by the Mortgaged Property including those past due. Any rents collected by Lender or a receiver will be applied first to payment of the costs of management of the Mortgaged Property and collection of rents, including, but not limited to, receiver's fees, premiums of receiver's bonds, and reasonable attorneys' fees, and then to the sums secured by this Mortgage.
21. **Release.** Upon payment of all sums secured by this Mortgage, Lender will discharge this Mortgage without charge; provided, however Borrowers and Accommodation Parties will be responsible for the payment of all costs of recordation.
22. **Waiver of Homestead.** Borrowers and Accommodation Parties waive all right of a homestead exemption in the Mortgaged Property.
23. **Minnesota Housing.** If the Minnesota Housing Finance Agency ("Minnesota Housing") acquires an interest in the Loan, then the following provisions apply:
 - A. **Suspension.** By entering into any agreement with Minnesota Housing, accepting any award of funds from Minnesota Housing, or otherwise conducting any business with Minnesota Housing, Borrower represents that Borrower, or any principal of Borrower, has not been suspended from doing business with Minnesota Housing pursuant to the Minnesota Housing Finance Agency Board of Directors Participant Suspension Policy. A principal is defined as: (a) an officer, director, owner, partner, principal investigator, or other person within an organization or entity doing business with Minnesota Housing with management or supervisory responsibilities; or (b) a consultant or other person, who: (1) is in a position to handle Minnesota Housing funds; (2) is in a position to influence or control the use of those funds; or (3) occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to be performed under contract with Minnesota Housing. Please refer to Minnesota Housing's website or contact Minnesota Housing for a list of all suspended individuals and organizations.
 - B. **Fraud Disclosure.** Borrower must report all known or suspected instances of fraud in connection with (i) the making or receipt of the loan contemplated by this document, (ii) the acquisition, construction or rehabilitation of the property pledged as collateral, and (iii) the intended use of the property pledged as collateral to Minnesota Housing's Chief Risk Officer as soon as evidence of fraud



is discovered by Borrower. "Fraud" means an intentional deception made for personal gain or to damage another.

24. **Principal Residence/Rental Property.** Borrowers will, for all time periods that any amount is due and owing under the Note and this Mortgage is outstanding, occupy the Mortgaged Property as its principal residence or, in the alternative, own the Mortgage Property as a single family rental property.
25. **Validity of Information.** All of the facts and information Borrowers and Accommodation Parties supplied regarding the loan evidenced by and relating to the Note and this Mortgage were true and correct at the time they were supplied and will continue to be true and correct until the Loan is paid in full.
26. **Rent Restrictions.** Borrowers agree that all rents, if any, may not exceed the Affordable to Local Workforce Rent Limits, as published by the Minnesota Housing Finance Agency. Borrowers also agree to not increase rents without Lender's permission.

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SAMPLE



IN WITNESS WHEREOF, Borrowers and Accommodation Parties executed this [Program] Loan Mortgage on the day and date first above written.

ACCOMMODATION PARTY(S)

BORROWER(S)

[Accommodation 1]
Print Accommodation Party's Name

[Borrower Full Name 1]
Print Borrower's Name

[Accommodation 2]
Print Accommodation Party's Name

[Borrower Full Name 2]
Print Borrower's Name

[Accommodation 3]
Print Accommodation Party's Name

[Borrower Full Name 3]
Print Borrower's Name

[Accommodation 4]
Print Accommodation Party's Name

[Borrower Full Name 4]
Print Borrower's Name

State of Minnesota }
County of _____ }

ss.

This instrument was acknowledged before me this _____ day of _____,
_____, by _____.

Notary Public



TIL and NMLS ID

[Lender Name]

Loan Originator Company Name

[Loan Officer Name]

Loan Originator Individual Name
(as name appears on NMLS)

[Lender Company NMLS ID]

Loan Originator Company NMLS ID

[Loan Officer Individual NMLS ID]

Loan Originator Individual NMLS ID
(if applicable)

Drafted by:

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

SAMPLE

