

**BLAINE DOWN PAYMENT ASSISTANCE LOAN PROGRAM
FIXED RATE CONSUMER DEFERRED NOTE
PROMISSORY NOTE**

"LENDER"

"BORROWER"

**Blaine Economic
Development Authority**

Address:
**10801 Town Square Drive
Blaine, MN 55449-8101**

Address:

Telephone:
763-784-6700

Loan Number:

SECURITY: A Grant of Secured Interest has been granted in the following described property, (the "Collateral"):

(Legal):

(Address):

FILING FEES: \$ _____ in fees are being paid to public officials in order to research, perfect or release a security interest in the Collateral.

PREPAYMENT: If Borrower pays off early, Borrower will not have to pay a penalty and will not be charged a minimum finance charge.

LATE CHARGES: If a payment is received more than ten (10) days late, Borrower will be charged a late charge of five (5%) percent of the late payment.

ASSUMPTION: This loan may not be assumed on its original terms.

MATURITY DATE: The Maturity Date is the date upon which one of the following events occurs: (A) 360 months from the date of this Note: or (B) all or part of the property described in the Mortgage referred to in paragraph 6 (the "Property") is sold, transferred, assigned or otherwise conveyed.

PAYMENTS: On the Maturity Date, if all or part of the property described in the Mortgage referred to in paragraph 6 (the "Property") has not been sold, transferred, assigned or otherwise conveyed the entire unpaid balance of the principal shall be forgiven.

PROMISE TO PAY: For value received, Borrower promises to pay to the order of Lender, at the office indicated above, the principal amount of (\$ _____), plus interest on the unpaid balance at the rate and in the manner described below. All amounts received by Lender shall be applied first to late payment charges described above, then to expenses, then to accrued interest, and then to principal or in any other order as determined by Lender, in Lender's sole discretion, and as permitted by law.

INTEREST RATE: Interest shall be computed on the basis of 360 days per year. Interest shall be calculated at the fixed rate of zero percent (0.00 %) per annum or the maximum interest rate Lender is permitted to charge by law, whichever is less.

SECURITY INTEREST: The Obligations under this Agreement are secured by Grant of Secured Interest in the property described below and in the documents executed in connection with this Agreement ("Collateral") as well as any other property designated as security now or in the future.

PAYMENT SCHEDULE: Borrower shall pay the principal and interest according to the following schedule:

The entire loan amount of \$ _____ shall be due if the property has been sold, transferred, assigned or otherwise conveyed prior to _____, which is the maturity date.

COLLATERAL: The Collateral shall consist of the following property:

- (a) The property described in a Consumer Note of even date herewith from Borrower to Lender.
- (b) All proceeds and products of the above as well as any replacements, accessions, substitutions, and additions to the Collateral.

PREPAYMENT/MINIMUM FINANCE CHARGE: This Agreement may be prepaid in part or in full on or before its maturity date. If this Agreement contains more than one installment, all prepayments will be credited as determined by Lender and as permitted by law. If this Agreement is prepaid in full, there will be no minimum finance charged.

TERMS AND CONDITIONS

1. **OBLIGATIONS:** The Collateral shall secure payment and performance of Borrower's obligations under this Agreement and other agreements, collection costs, legal expenses and attorney fees and modifications, substitutions or replacements thereto including any funds advanced at the option of Lender (collectively "Obligations").
2. **COVENANTS:** Borrower covenants and warrants that:
 - (a) **INSURANCE.** The Collateral will be kept insured for its full value against all hazards including loss or damage caused by fire, flood, theft or other casualty. All insurance policies must have a loss payable clause with a provision that requires the insurance company to give Lender at least ten (10) days advance written notice prior to any alteration or cancellation. Insurance coverage obtained by Borrower shall be from a licensed insurer subject to the Lender's approval. Borrower shall assign to Lender all rights to receive proceeds of insurance not exceeding the amount owed under the Obligations described on the reverse, and direct the insurer to pay all proceeds directly to Lender. In the event Borrower fails to acquire or maintain insurance, Lender (after providing notice as may be required by law) may in its discretion procure appropriate insurance coverage upon the Collateral and charge the insurance cost as an advance of principal under this Agreement. Borrower shall furnish Lender with evidence of insurance indicating the required coverage. Lender may act as attorney-in-fact for Borrower in making and settling claims under insurance policies, cancelling any policy or endorsing Borrower's name on any draft or negotiable instrument drawn by any insurer.
 - (b) **OWNERSHIP.** Borrower is the sole owner of the Collateral and no other person or organization has a mortgage lien or security interest in or claim to the Collateral except security interests, mortgage liens or claims of record.

3. **DEFAULT:** Borrower will be in default under this Agreement in the event that Borrower or any guarantor or any other third party:
 - (a) fails to make any payment on this Agreement or any other indebtedness to Lender when due;
 - (b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in this Agreement, the Grant of Secured Interest of even date herewith, the Borrower's Affidavit of even date herewith, or any other present or future written agreement regarding this or any other indebtedness of Borrower to Lender;
 - (c) provides or causes any false or misleading signature or representation to be provided to Lender;
 - (d) allows the Collateral securing this Agreement to be destroyed or damaged in any material respect, or subjected to seizure foreclosure or confiscation;
 - (e) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Borrower, any guarantor, or any of their property or the Collateral;
 - (f) dies, becomes legally incompetent, becomes insolvent, makes an assignment for the benefit of creditors, fails to pay debts as they become due, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceedings; or
 - (g) causes Lender to deem itself insecure in good faith for any reason, or Lender deems itself insecure in good faith for any other reason.

4. **RIGHTS OF LENDER ON DEFAULT:** If there is a default under this Agreement, Lender will be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):
 - (a) to declare the principal amount plus accrued interest under this Agreement and all other present and future Obligations of Borrower immediately due and payable in full;
 - (b) to collect the outstanding Obligations of Borrower with or without resorting to judicial process;
 - (c) to take possession of any Collateral by foreclosure or in any manner permitted by law;
 - (d) to sell, lease or otherwise dispose of any Collateral and collect any deficiency balance with or without resorting to legal process;
 - (e) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. Lender's remedies under this paragraph are in addition to those available at common law, including, but not limited to, the right of setoff.

5. **REMEDIES:** Upon the occurrence of an event of default, Lender may declare all Obligations immediately due and payable without notice (except where notice may be specifically required by law) and shall have all of the following rights and remedies. Lender may sell the Collateral at public or private sale. Lender shall be entitled to deduct its expenses of repossessing and selling the Collateral (including attorneys' fees permitted by law and court costs) from the proceeds of any sale and apply the balance first to unpaid interest and then to principal owing on the Obligations. Borrower will remain liable for any deficiency.

6. **MODIFICATION AND WAIVER:** The modification or waiver of any of Borrower's Obligations or Lender's rights under this Agreement must be contained in writing signed by Lender. Lender may perform any of Borrower's Obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion will not constitute a waiver on any other occasion. Borrower's Obligations under this Agreement shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the Obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or Collateral.

7. **SEVERABILITY AND INTEREST LIMITATION:** If any provision of this Agreement is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Notwithstanding anything contained in this Agreement to the contrary, in no event shall interest accrue under this Agreement, before or after maturity, at a rate in excess of the highest rate permitted by applicable law, and if interest (including any charge or fee held to be interest by a court of competent jurisdiction) in excess thereof be paid, any excess shall constitute a payment of, and be applied to, the principal balance hereof, and if the principal balance has been fully paid, then such interest shall be repaid to Borrower.
8. **ASSIGNMENT:** Borrower will not be entitled to assign any of its rights, remedies or Obligations described in this Agreement without the prior written consent of Lender which may be withheld by Lender in its sole discretion. Lender will be entitled to assign some or all of its rights and remedies described in this Agreement without notice to or the prior consent of Borrower in any manner.
9. **NOTICE:** Any notice or other communication to be provided to Borrower or Lender under this Agreement shall be sent to their addresses described in this Agreement or such other address that one party may provide the other party with written notice of it in the future. Borrower will immediately notify Lender in writing at Lender's address if the Collateral is significantly damaged or if Borrower changes his/her address.
10. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the state indicated in Lender's address. Borrower consents to the jurisdiction and venue of any court located in the state indicated in Lender's address in the event of any legal proceeding under this Agreement.
11. **COLLECTION COSTS:** If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Agreement, Borrower agrees to pay Lender's reasonable attorneys' fees and collection costs to the extent permitted by law. **RETURNED CHECK:** If a check for payment is returned to Lender for any reason, Lender will charge an additional fee of \$20.00.
12. **MISCELLANEOUS:** Borrower and lender agree that time is of the essence. Borrower waives presentment, demand for payment, notice of dishonor and protest. All references to Borrower in this Agreement shall include all of the parties signing this Agreement. If Lender obtains a judgment for any amount due under this Agreement, interest will accrue on the judgment at the judgment rate of interest permitted by law. If there is more than one Borrower, their Obligations will be joint and several. This Agreement and any related documents represent the complete and integrated understanding between Borrower and Lender.

ACKNOWLEDGMENT: THE UNDERSIGNED ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTOOD, AND AGREED TO THE TERMS AND CONDITIONS OF THIS AGREEMENT AND ACKNOWLEDGE RECEIPT OF ANY EXACT COPY.

DATED: _____

TIL and NMLSR ID

Loan Originator Company Name

Loan Originator Individual Name

Loan Originator Company NMLSR ID

Loan Originator Individual NMLSR ID