

MORTGAGE

**ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY
FIRST-GENERATION DOWN PAYMENT ASSISTANCE DEFERRED LOAN**

THIS MORTGAGE (the "Mortgage") made as of the ___ day of _____, _____
by _____

_____ (hereinafter
designated as the "Mortgagor"), for the property located at _____, in favor of
Roseville Economic Development Authority, a public body corporate and politic and a political
subdivision of the State of Minnesota located at 2660 Civic Center Drive, Roseville, Minnesota
55113 (hereinafter designated as the "Lender").

WITNESSETH:

Mortgagor owes Lender the principal sum of \$ _____. This debt is evidenced by
a promissory note of even date herewith (the "Note"), and is subject to the terms of that certain
Loan Agreement between Lender and Mortgagor dated as of _____ (the "Loan
Agreement"). This Mortgage secures to Lender: (a) the repayment of the debt evidenced by the
Note, and all renewals, extensions, and modifications of the Note; (b) the payment of all other
sums, advanced to protect the security of this Mortgage; and (c) the performance of Mortgagor's
covenants and agreements under this Mortgage and the Note. For this purpose, Mortgagor does
hereby mortgage, grant and convey to Lender, with power of sale, the real property located in
Ramsey County, Minnesota and fully described in the attached Exhibit A, together with all the
improvements now or hereafter erected on the property, and all easements, appurtenances, and
fixtures now or hereafter a part of the property. All replacements and additions shall also be
covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property".

MORTGAGOR COVENANTS that Mortgagor will warrant and defend generally the title
to the Property against all claims and demands, subject to any encumbrances of record.

Mortgagor agrees as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST; LATE CHARGES. Mortgagor
shall promptly pay when due the principal of and, if applicable, interest on the debt evidenced by

the Note and described in the Loan Agreement, and any late charges due under the Note.

2. SUBORDINATION. This Mortgage is subordinate to

3. HAZARD OR PROPERTY INSURANCE. Mortgagor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender reasonably requires. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld or delayed. If Mortgagor fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 5.

All insurance policies and renewals shall be reasonably acceptable to Lender and shall include a standard mortgage clause. If Lender requires, Mortgagor shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Mortgagor.

If under paragraph 15 the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

4. PROTECTION OF THE PROPERTY. Mortgagor shall not destroy or damage the Property or commit waste on the Property. Mortgagor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Mortgage or Lender's security interest. Mortgagor may cure such a default and reinstate, as provided in paragraph 13, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Mortgagor's interest in the Property or other material impairment of the lien created by this Mortgage or Lender's security interest. Mortgagor shall also be in default if Mortgagor gave materially false or inaccurate information or statements to Lender in connection with the loan evidenced by the Note.

5. PROTECTION OF LENDER'S RIGHTS IN THE PROPERTY. If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, condemnation, or forfeiture), Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may act under this paragraph 5, Lender is not required to do so.

Any amounts disbursed by Lender under this paragraph 5 shall become additional debt of Mortgagor secured by this Mortgage. Unless Mortgagor and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at a rate equal to the interest rate on the Note and shall be payable, with interest, upon notice from Lender to Mortgagor requesting payment.

6. INSPECTION. Lender or its agent may make reasonable entries upon and inspections of the Property.

7. 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 Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Mortgagor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Mortgage immediately before the taking, unless Mortgagor and Lender otherwise agree in writing, if any, the sums secured by this Mortgage shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Mortgagor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Mortgagor and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Mortgage whether or not the sums are then due.

8. FORBEARANCE BY LENDER NOT A WAIVER. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

9. SUCCESSORS AND ASSIGNS BOUND. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Lender and Mortgagor.

10. LOAN CHARGES. If the loan secured by this Mortgage is or becomes subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

11. NOTICES. Any notice to Mortgagor provided for in this Mortgage shall be given by delivering it personally or by mailing it by first class United States mail, postage prepaid, return

receipt requested. The notice shall be directed to the Mortgagor at the Mortgagor address first written above, or any other address Mortgagor designates by notice to Lender. Any notice to Lender shall be given or mailed to the Lender address first written above, or any other address Lender designates by notice to Mortgagor. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Lender when given as provided in this paragraph.

12. GOVERNING LAW; SEVERABILITY. This Mortgage shall be governed by the law of the state of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage and the Note are declared to be severable.

13. MORTGAGOR'S RIGHT TO REINSTATE. If Mortgagor meets certain conditions, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) 5 days before sale of the Property pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Mortgagor: (a) pays Lender all sums which then would be due under this Mortgage and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's rights in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Mortgagor, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

14. HAZARDOUS SUBSTANCES. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property, except those solvents, oils, cleaning materials, and other substances as are used in the ordinary course of Mortgagor's business. Mortgagor shall not do, and will use its best efforts not to allow anyone else to do, anything affecting the Property that is in violation of any environmental law.

Mortgagor shall promptly give Lender written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law of which Mortgagor has actual knowledge. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with that environmental law.

As used in this paragraph 14, "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 14, "environmental law" means federal or state laws that relate to environmental protection.

15. ACCELERATION; REMEDIES. Lender shall give notice to Mortgagor prior to

acceleration following Mortgagor's breach of any covenant or agreement in this Mortgage. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Mortgagor by which the default must be cured, provided, however, if Mortgagor is diligently pursuing a cure, Mortgagor shall have such additional time as is reasonably necessary to complete the cure; and (d) 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 sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of any sums secured by this Mortgage without further demand and may invoke the power of sale and any other remedies permitted by law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 15, including, but not limited to, reasonable attorneys' fees.

If Lender invokes the power of sale, Lender shall cause a copy of a notice of sale to be served upon any person in possession of the Property. Lender shall publish a notice of sale, and the Property shall be sold at public auction in the manner prescribed by law. Lender or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums secured by this Mortgage; and (c) any excess to the person or persons legally entitled to it.

16. RELEASE OF MORTGAGE. Upon payment of all sums secured by this Mortgage, Lender shall discharge this Mortgage without charge to Mortgagor. Mortgagor shall pay any recordation costs.

(The remainder of this page is intentionally blank.)

IN TESTIMONY WHEREOF, Mortgagor has hereunto set its hand the day and year first above written.

By: _____

Printed name: _____

By: _____

Printed name: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ___ day of _____, _____, by

_____.

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

This document drafted by:

Kennedy & Graven, Chartered (MNI)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

**FAILURE TO RECORD OR FILE THIS MORTGAGE
MAY AFFECT THE PRIORITY OF THIS MORTGAGE**

EXHIBIT A TO MORTGAGE

Legal Description of Property