

When recorded return this instrument to:

The Housing and Redevelopment Authority
of the City of Saint Paul, Minnesota
25 West Fourth Street
Saint Paul, Minnesota 55102
Attn: Housing Administrator

(Top 3 Inches reserved for recording data)

**COMBINATION NOTE AND MORTGAGE
by Individual(s)**

**Minnesota Uniform Conveyancing Blanks
Form 20.1.1 (2006)**

MORTGAGE REGISTRY TAX DUE: \$ _____

DATE: _____

(month/day/year)

CHECK IF APPLICABLE: NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, ENFORCEMENT OF THIS **COMBINATION NOTE AND MORTGAGE** IN MINNESOTA IS LIMITED TO A DEBT AMOUNT OF \$ _____ UNDER CHAPTER 287 OF MINNESOTA STATUTES.

THIS **COMBINATION NOTE AND MORTGAGE** ("**Combination Note and Mortgage**") is given by _____ [**Name(s) of Borrower**], **married or** **not married**], as mortgagor ("**Borrower**"), to **The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota**, as mortgagee ("**Lender**"). In consideration of the receipt of _____ **and no/100 Dollars** (\$ _____ .00) (the "**indebtedness**") from Lender, Borrower hereby mortgages, with power of sale, the real property in **Ramsey County, Minnesota**, described as follows:

Check here if part or all of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto (the "**Property**"), subject to the following exceptions:

- a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record, if any;
- b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
- c) Utility and drainage easements which do not interfere with present improvements;
- d) Applicable laws, ordinances and regulations;
- e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
- f) The following liens or encumbrances, if any:

That certain Mortgage executed by Borrower in favor of _____ [Name of first mortgage holder], dated _____, 20____, recorded _____, 20____, in the original principal amount of \$_____ (the "First Mortgage").

FOR VALUE RECEIVED, Borrower, whose mailing address is _____, Saint Paul, Minnesota _____, hereby agrees and promises to pay to Lender, or its assigns, at the mailing address provided in Section 6(c), below, or such other place as Lender may from time to time designate in writing, the principal sum of _____ and no/100 Dollars (\$_____.00), without interest. The entire unpaid principal balance shall be immediately due and payable in full upon the earlier to occur of: (a) the repayment in full of the First Mortgage; (b) Borrower failing to occupy the home as his or her principal residence; (c) the Property being sold, conveyed, transferred or leased by Borrower to a third party; or (d) representations made by Borrower to Lender regarding its qualification for the amount loaned hereunder shall have been inaccurate or untrue in any material respect when made. Notwithstanding anything to the contrary contained in this Combination Note and Mortgage, if the First Mortgage remains outstanding and Borrower occupies the Property as his or her primary residence for no less than seven years after the date hereof, the entire indebtedness evidenced by this Combination Note and Mortgage shall be completely forgiven by Lender, without further action by Lender or Borrower. The entire outstanding balance will be immediately due and payable, without notice, upon the occurrence of any one of events of default outlined in Section 5, below.

Borrower covenants with Lender as follows:

1. **Repayment of Indebtedness.** If Borrower (a) pays the Indebtedness to Lender according to the terms of this Combination Note and Mortgage (b) repays to Lender, at all times and with interest at specified, all sums advanced in protecting the lien of this Combination Note and Mortgage, if any; and (c) keeps and performs all the covenants and agreements contained herein, then Borrower's obligations under this Combination Note and Mortgage will be satisfied, and Lender will, if necessary, deliver an executed satisfaction of this Combination Note and Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Combination Note and Mortgage at Borrower's expense.
2. **Statutory Covenants.** Borrower makes and includes in this Combination Note and Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:
 - (a) To warrant title to the Property;
 - (b) To pay the Indebtedness as herein provided;
 - (c) To pay all taxes;
 - (d) That the Property shall be kept in repair and no waste shall be committed;
 - (e) To pay principal and interest on prior mortgages (if any).
3. **Additional Covenants and Agreements of Borrower.** Borrower makes the following additional covenants and agreements with Lender:
 - (a) Borrower shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the "Improvements") insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. Such insurance shall be in an amount no less than the full replacement cost of the Improvements, without deduction for physical depreciation. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Borrower shall procure and maintain flood insurance and amounts reasonably satisfactory to Lender. Borrower shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.
 - (b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so-called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota and acceptable to Lender. Each policy must provide for no less than ten (10) days written notice to Lender before cancellation, non-renewal, termination, or change in coverage. Borrower will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.
 - (c) If the Property is damaged by fire or other casualty, Borrower must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Borrower pursuant to this Combination Note and Mortgage, even if such amounts are not otherwise due, unless Borrower is permitted to make an election as described in the next paragraph. The balance of insurance proceeds, if any, will be the property of Borrower.
 - (d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Borrower and Lender in writing, if (i) Borrower is not in default under this Combination Note and Mortgage (or after Borrower has cured any such default); and (ii) the mortgagees under any prior mortgages do not require otherwise; then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "Repairs") deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which

approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to ensure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under this Combination Note and Mortgage in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu of thereof must be applied to payment of the amounts due by Borrower to Lender under this Combination Note and Mortgage as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Borrower will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Borrower will pay all dues, fees or assessments, if any, which are due and payable by Borrower to any homeowners or similar association as a result of the Property's inclusion therein.

(h) Borrower will pay any other expenses and attorneys' fees incurred by Lender pursuant to this Combination Note and Mortgage or as reasonably required for the protection of the lien of this Combination Note and Mortgage.

4. **Payment by Lender.** If Borrower fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the rate of five percent (5%) per annum, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Combination Note and Mortgage secures the repayment of such advances.

5. **Default.** In case of default (i) in the payment of sums to be paid under this Combination Note and Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Combination Note and Mortgage, (iii) under any Addendum attached to this Combination Note and Mortgage, or (iv) Borrower files a petition in bankruptcy or under a similar federal or state law, Lender may declare the unpaid balance of the note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to foreclose this Combination Note and Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby; with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees Borrower agrees to pay.

6. **Residential Mortgages.** Notwithstanding the provisions of Paragraph 5, if the Indebtedness is a "conventional loan" as defined in Minn. Stat. 47.20, Subd. 2(3), Borrower and Lender further covenant and agree as follows:

(a) Lender shall furnish to Borrower of a conformed copy of this Combination Note and Mortgage at the time of execution or within a reasonable time after recordation hereof.

(b) Upon default by Borrower of any covenant or agreement under the terms of this Combination Note and Mortgage, Lender shall give notice to Borrower prior to foreclosure as provided in Paragraph 6(c) and such notice shall specify: (i) the nature of the default; (ii) the action required to cure the default; (iii) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which the default must be cured; (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 Combination Note and Mortgage and sale of the Property; (v) that Borrower has the right to reinstate this Combination Note and Mortgage after acceleration; and (vi) that Borrower has the right to bring a court action to assert the non-existence of the default or any other defense of Borrower to acceleration and sale.

(c) In addition to any notice required under applicable law to be given in another manner, (i) any notice to Borrower provided for in this Combination Note and Mortgage shall be addressed to Borrower and given by mailing the notice via certified mail to the Property address (or to such other address as Borrower may designate by written notice to Lender as provided herein), and (ii) any notice to Lender shall be given by mailing the notice via certified mail to the following address (or to such other address as Lender may designate by written notice to Borrower as provided herein):

The Housing and Redevelopment Authority

of the City of Saint Paul, Minnesota

25 West Fourth Street

Saint Paul, Minnesota 55102

Attn: Housing Administrator

7. **Governing Law; Severability; Miscellaneous.** This Combination Note and Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Combination Note and Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Combination Note and Mortgage which can be given effect without the conflicting provision. This Combination Note and Mortgage may not be amended, modified or changed, nor shall any waiver of the provisions hereof be effective, except only by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. Additionally, a waiver of any provision in one event shall not be construed as a waiver of any other provision at any time, as a continuing waiver, or as a waiver of such provision on a subsequent event. This Combination Note and Mortgage may be prepaid in whole or in part at any time without penalty or premium. If suit is instituted by Lender, its

successors or assigns to recover on this Combination Note and Mortgage, Borrower agrees to pay all costs of collection, including reasonable attorneys' fees and costs. Demand, presentment, protest and notice of nonpayment and dishonor of this Combination Note and Mortgage are hereby waived. Except for small quantities stored and used in compliance with applicable law, Borrower shall not bring, store, generate, or treat hazardous substances, toxic wastes, or petroleum products on the Property. Borrower hereby indemnifies, defends, and holds Lender harmless from any and all claims, demands, actions, causes of action, liabilities or rights which may be asserted against Lender with respect to such substances, wastes, or products. This obligation shall survive the satisfaction or foreclosure of this Mortgage.

8. **Additional Terms.** Check this box if Form 20.2.1 or any other Addendum (either one or more) containing additional terms and conditions is attached to this Combination Note and Mortgage. If the foregoing box is not checked, then this Combination Note and Mortgage shall not contain any such additional terms and conditions. The number of additional attached pages is **zero**. The terms of this Combination Note and Mortgage will run with the Property and bind the parties hereto and their successors in interest.

Borrower

(signature)

PRINTED NAME

(signature)

PRINTED NAME

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, 20____, by [Name(s) of Borrowers], [Marital Status].

(Seal, if any)

(signature of notarial officer)

Title (and Rank): **Notary Public**

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
Leonard, Street and Deinard (GF/BLP)
Professional Association
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402

Note: Failure to record or file this Combination Note and Mortgage may give other parties priority over this Combination Note and Mortgage.

**Subordination
Disclosure**

*THE HOUSING AND
REDEVELOPMENT AUTHORITY OF
THE CITY OF SAINT PAUL,
MINNESOTA*

25 WEST FOURTH STREET

SAINT PAUL, MN 55102

You are receiving or have received a loan from The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") that is in a subordinate lien position. If at some future date, you choose to obtain a new first mortgage or other financing that uses your home as security, there are some facts you should know about your HRA loan that may guide your decision.

Most lenders will want their new mortgage to have as high a lien position as possible. If your new financing is a refinance of your current first mortgage, when your first mortgage is paid off, the HRA's loan and any other financing you have against your home automatically moves up in lien position. The new mortgage then takes the lowest lien position on the title of your property. The only way for your new mortgage lender to obtain a first lien position is to either pay off the HRA's lien or to request and obtain the HRA's approval to have its loan subordinated. Subordinated means that the HRA signs an agreement that says it will let its lien move to a lower lien position behind the new mortgage. This allows your new mortgage to move to a higher lien position.

The HRA will consider a subordination request subject to its subordination policy in effect at the time of the request. The policy may change without prior notice.

All loan subordinations must be approved by the HRA prior to closing on the new financing. The HRA reserves the right to refuse any subordination request that does not meet the HRA's *SUBORDINATION POLICY* in effect at the time of the request or if the request is determined to be not in the HRA's best interest.

There is a processing/review fee charged for each subordination request. Consult the policy then in effect for quote of this fee.

Borrower _____
Printed Name of Borrower _____

Co-Borrower _____
Printed Name of Co-Borrower _____

Date _____