DEFERRED NOTE
(Brooklyn Center Homebuyers Program)

$                      Brooklyn Center, Minnesota
                      20____

FOR VALUE RECEIVED, the undersigned (herein called the "Borrower"), promises to pay to
the order of the City of Brooklyn Center, a public body politic and corporate under the laws of Minnesota
(herein called the "Lender"), or its assigns, the sum of  and No/100 Dollars
($                              ), (herein called the "Loan"), at zero percent (0%) interest. Said sum was made
available to the Borrower under that certain Brooklyn Center Homebuyers Program for the Borrower
to acquire the Borrower's principal place of residence located at
, Brooklyn Center, Minnesota (herein called the "Residence").

The Loan shall be repaid without interest as follows:

1. The entire unforgiven principal balance of the Loan shall be immediately due and
   payable upon (i) the sale, assignment, conveyance, transfer, or lease of the Residence at any time prior to
   the full forgiveness of repayment of the Loan, or (ii) termination of the Residence as the Borrower’s
   principal place of residence.

2. The Borrower shall repay the Loan as follows:

   (a) If the transfer, sale, or lease of the Residence or termination of the Residence as the
       Borrower’s principal place of residence occurs on or before the fifth anniversary of the date of this Note, the Borrower shall repay one hundred percent
       (100%) of the Loan;

   (b) If the transfer, sale, or lease of the Residence or termination of the Residence as the
       Borrower’s principal place of residence occurs on or before the sixth anniversary of
       the date of this Note, the Borrower shall repay eighty percent (80%) of the Loan;

   (c) If the transfer, sale, or lease of the Residence or termination of the Residence as the
       Borrower’s principal place of residence occurs on or before the seventh anniversary
       of the date of this Note, the Borrower shall repay sixty percent (60%) of the Loan;

   (d) If the transfer, sale, or lease of the Residence or termination of the Residence as the
       Borrower’s principal place of residence occurs on or before the eighth anniversary
       of the date of this Note, the Borrower shall repay forty percent (40%) of the Loan;

   (e) If the transfer, sale, or lease of the Residence or termination of the Residence as the
       Borrower’s principal place of residence occurs on or before the ninth anniversary
       of the date of this Note, the Borrower shall repay twenty percent (20%) of the Loan;

3. If the Borrower has not transferred, sold, leased, or terminated occupancy of the
   Residence as the Borrower’s principal place of residence by the tenth anniversary of the date of this
   Note (        , 20    ); then the Borrower shall have no obligation to repay the Loan and
   this Note shall terminate and become null and void.

4. This Note is secured by a Mortgage (the “Mortgage”) in favor of the Lender of even date
   herewith. Failure to make repayment of the Loan as required herein or default under any of the
   covenants in the Mortgage shall constitute an event of default.
5. Upon the occurrence of an event of default, the Lender shall mail notice to the Borrower specifying: (a) the event of default; (b) the action required to cure such event; (c) a date not less than thirty (30) days from the date the notice is mailed to the Borrower by which date such default must be cured; and (d) that failure to cure such default on or before the date specified in the notice may result in acceleration of the Loan.

6. The Lender will charge the Borrower $15.00 for each check or automatic payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.

7. The Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty prior to the date indicated in section four above.

8. If suit is instituted by Lender, its successors or assigns, to recover on this Note, the undersigned agrees to pay all costs of such collection, including reasonable attorney's fees and court costs. The foregoing contractual liability for legal costs, foreclosure costs and attorney fees associated with foreclosure does not apply for solely a violation of the owner-occupancy restriction on page 1 of this Note.

9. Notwithstanding anything to the contrary herein, the Borrower’s obligation to own and occupy the Residence as Borrower’s principal residence and the other income-eligibility and affordability restrictions as set forth in Lender’s Brooklyn Center Homebuyers Program shall terminate with respect to the Residence upon conveyance after foreclosure, deed-in-lieu of such foreclosure or assignment to the United States Department of Housing and Urban Development of an FHA-insured First Mortgage.

10. Demand, protest and notice of demand and protest are hereby waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

11. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of the day and year above first written.

BORROWER:

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