

SCHEDULE 1 TO MORTGAGE

**NRP HOMEBUYER DEFERRED NOTE**

HAWTHORNE: Deferred Loan Program

\$

Minneapolis, Minnesota

**FOR VALUE RECEIVED**, the undersigned (the "Borrower"), promises to pay to the order of the Hawthorne Neighborhood Council (HNC), a nonprofit organization (the "Lender"), or its assigns, the sum of

(\$ \_\_\_\_\_) (the "Loan Funds"), without interest. Said sum was made available to the Borrower under that certain Hawthorne Homebuyer Deferred Loan Program for the Borrower to acquire and/or to undertake eligible improvements at the property located at \_\_\_\_\_ Minneapolis, Minnesota (the "Residence") and legally described below.

Unless forgiven as provided in paragraph number three (3) of this Note, 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 sale, assignment, conveyance, transfer, lease 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 sale, assignment, conveyance, transfer, lease or termination of the Residence as the Borrower's principal place of residence occurs after the fifth anniversary and 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 sale, assignment, conveyance, transfer, lease or termination of the Residence as the Borrower's principal place of residence occurs after the sixth anniversary and 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 sale, assignment, conveyance, transfer, lease or termination of the Residence as the Borrower's principal place of residence occurs after the seventh anniversary and 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 sale, assignment, conveyance, transfer, lease or termination of the Residence as the Borrower's principal place of residence occurs after the eighth anniversary and 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 (10th) anniversary of the date of this Note, the Borrower shall have no obligation to repay the Loan and this Note will be forgiven and 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 (a) commence and complete rehabilitation within 10 days of the date hereof; or (b) default under any of the covenants in the Mortgage shall constitute an event of default.
5. The Lender will charge the Borrower \$20.00 for any check or automatic payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.
6. The Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty, on the first day of the month. Lender shall accept prepayment on other days provided that the Borrower pays interest, if any, on the amount prepaid for the remainder of the month to the extent required by the Lender. If the Borrower makes a partial prepayment, there will be no changes in the due date or in the amounts of the monthly payment, if any, unless the Lender agrees in writing to those changes.
7. 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.
8. 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.
9. 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:**

By \_\_\_\_\_

By \_\_\_\_\_

**TIL and NMLSR ID**

\_\_\_\_\_  
Loan Originator Company Name

\_\_\_\_\_  
Loan Originator Individual Name  
(as name appears on NMLSR)

\_\_\_\_\_  
Loan Originator Company NMLSR ID

\_\_\_\_\_  
Loan Originator Individual NMLSR ID  
(if applicable)