

## FIRST PROMISSORY NOTE

[\$[INSERT LOAN AMOUNT]

[INSERT CLOSING DATE]

### 1. BORROWER'S PROMISE TO PAY

For Value Received, [INSERT FIRST BORROWER] and [INSERT SECOND BORROWER] (the "Borrower" whether one or more) jointly and severally *PROMISE TO PAY* to the order of [INSERT NAME OF AFFILIATE], a Minnesota nonprofit corporation, or its successors and assigns (the "Lender") at [INSERT ADDRESS OF AFFILIATE], or at such other place as may be designated from time to time by the Lender, the principal sum of [INSERT LOAN AMOUNT WRITTEN OUT] Dollars (\$[INSERT LOAN AMOUNT]) (the "Principal"), plus Default Interest (as hereinafter defined), if any. This Note shall mature on or before [INSERT MATURITY DATE], (the "Maturity Date") which is [INSERT TERM IN YEARS WRITTEN OUT] (# OF YEARS) years after the first day of the [INSERT FIRST OR SECOND] calendar month after the date of this Note. I will make any payment or payments under this promissory note ("Note") in the form of cash, check or money order.

I understand that the Lender may transfer this Note.

### 2. INTEREST

This Note will not bear interest, except for Default Interest, if any.

### 3. PAYMENTS

#### (A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the [INSERT DAY OF THE MONTH PAYMENT DUE] day of each month beginning on [INSERT FIRST PAYMENT DATE] I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on the Maturity Date, I still owe amounts under this Note, I will pay those amounts in full on that date.

#### (B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ [INSERT AMOUNT OF MONTHLY PAYMENT].

#### (C) Default Interest

This Note shall not bear interest, except as follows. After any default by Borrower under this Note, the unpaid Principal balance shall bear interest (the "Default Interest") at a rate equal to the lesser of eight percent (8%) per annum or the maximum rate allowed by Minnesota law,

and the Default Interest shall accrue from and after the date the Lender declares this Note due and payable through and including the date of payment in full.

#### **4. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "**Prepayment.**" When I make a Prepayment, I will tell the Lender in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Lender will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Lender may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Lender agrees in writing to those changes.

#### **5. BORROWER'S FAILURE TO PAY AS REQUIRED**

##### **(A) Late Charge for Overdue Payments**

If the Lender has not received the full amount of any monthly payment by the end of fifteen (15) calendar days after the date it is due, I will pay a late charge to the Lender. The amount of the charge will be five percent (5%) of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

##### **(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

##### **(C) Notice of Default**

If I am in default, the Lender may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Lender may require me to pay immediately the full amount of Principal, which has not been paid, and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

##### **(D) No Waiver By Lender**

Even if, at a time when I am in default, the Lender does not require me to pay immediately in full as described above, the Lender will still have the right to do so if I am in default at a later time.

**(E) Payment of Lender’s Costs and Expenses**

If the Lender has required me to pay immediately in full as described above, the Lender will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys’ fees.

**6. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Lender a notice of my different address.

Any notice that must be given to the Lender under this Note will be given by delivering it or by mailing it by first class mail to the Lender at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

**7. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Lender may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**8. WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. “**Presentment**” means the right to require the Lender to demand payment of amounts due. “**Notice of Dishonor**” means the right to require the Lender to give notice to other persons that amounts due have not been paid.

**9. SECURED NOTE**

In addition to the protections given to the Lender under this Note, a First Mortgage dated the same date as this Note (the “**First Mortgage**”) by Borrower for the benefit of the Lender on certain real property located in [INSERT COUNTY] County, Minnesota protects the Lender from possible losses which might result if I do not keep the promises which I make in this Note. That First Mortgage describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

**10. NON-RECOURSE LOAN**

This Note is nonrecourse. Borrower shall not be deemed to be personally liable for repayment of this Note or the performance of any of the covenants and agreements contained in this Note or the First Mortgage. If the Lender shall at any time take action to enforce the obligations of Borrower under this Note or the First Mortgage, the Lender will proceed to foreclose on the Property in lieu of instituting suit upon this Note. If, from such foreclosure and sale of the Property, a lesser sum is realized than the amount due and owed to Lender under this Note, the Lender shall not initiate any action, suit, claim or demand at law or in equity against Borrower for or on account of such deficiency. Notwithstanding the foregoing, Borrower shall at all times be and remain personally liable and obligated on a joint and severable basis, for any and all indebtedness, liabilities and obligations of Borrower to the Lender relating or pertaining to: (i) fraud or material misrepresentation by or on behalf of Borrower; (ii) the commission of waste or willful damage with respect to the Property; and (iii) the nonpayment of real estate taxes and property insurance premiums in accordance with the terms of the First Mortgage.

If the Property is sold at a foreclosure sale (or other such appropriate action or proceeding), the proceeds of such sale shall be applied first to the discharge of that portion of the indebtedness, obligations and liabilities owed to the Lender remaining unpaid, as to which Borrower is not fully personally liable, it being the intention that the application of the proceeds of any such sale shall be in such manner as not to extinguish or reduce Borrower’s personal liability until all the indebtedness, obligations and liabilities owed to Lender for which Borrower is not personally liable have been paid in full. It is expressly understood and agreed that nothing contained in this paragraph shall in any manner or way constitute or be deemed to be a release or impairment of the indebtedness, obligations and liabilities evidenced by this Note, the First Mortgage or any other related documents, or otherwise affect or impair the Lender’s ability to enforce his, her or its rights to and against the Property.

**11. GOVERNING LAW**

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

SIGNED ON THE DAY AND YEAR FIRST ABOVE WRITTEN.

**BORROWER:**

\_\_\_\_\_  
[INSERT FIRST BORROWER]

\_\_\_\_\_  
[INSERT SECOND BORROWER]

Borrowers Address:  
[INSERT PROPERTY ADDRESS]  
[INSERT CITY, STATE AND ZIP]