

LYON COUNTY, MINNESOTA

OFFICE OF COUNTY RECORDER
LYON COUNTY MINNESOTA

Date 6.30.20

CERTIFIED, FILED, AND/OR
RECORDED ON

06/30/2020 08:40:01 AM

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Michelle Desmet
Lyon County Recorder

MICHELLE DESMET
COUNTY RECORDER

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(Recording Information Only)

CITY OF MARSHALL
SMALL CITIES DEVELOPMENT PROGRAM

OWNER-OCCUPIED REHABILITATION PROGRAM

**COMBINATION SECURITY AGREEMENT, NOTE,
REPAYMENT AGREEMENT AND LIEN**

THIS COMBINATION SECURITY AGREEMENT, NOTE, REPAYMENT AGREEMENT AND LIEN, (hereinafter "the Agreement") made and entered into this 9th day of December, 2019, between Chancey Frances Devos, a single person, (hereinafter the "OWNER"), and the CITY OF MARSHALL, a municipal corporation under the laws of the State of Minnesota, having its principal office at 344 West Main Street, Marshall, MN 56258, (hereinafter the "CITY").

WITNESSETH:

WHEREAS, on the 9th day of December, 2019, (hereinafter the "Effective Date") the CITY made a loan (hereinafter the "Loan") to the OWNER in the amount of Twenty Four Thousand and no/100 Dollars (\$24,000.00) to rehabilitate the owner-occupied real estate ("Property") hereinafter described; and,

WHEREAS, said Loan is made on the condition that the OWNER executes this Agreement; and,

WHEREAS, said OWNER declares that he is currently the occupant of the Property and the Property is utilized as his primary residence as defined in the Small Cities Development Program Procedural Guidelines; and,

WHEREAS, said OWNER states that he currently meets all criteria, unless waived by the CITY, under the Small Cities Development Program Procedural Guidelines and will continue to do so throughout the rehabilitation process; and,

NOW, THEREFORE, in consideration of the making of the Loan by the CITY to the OWNER, the OWNER does hereby agree as follows:

1. Security:

This Agreement secures to the CITY: (a) The repayment of the debt evidenced by this Agreement, without interest, and all renewals, extensions and modifications; (b) the payment of all un-forgiven principal deferred sums, evidenced by this Agreement, to protect the security granted hereunder; and (c) the performance of the OWNER'S covenants and agreements under this Agreement. For these purposes, the OWNER does hereby mortgage, grant and convey to the CITY, with the power of sale, the described real estate. As security for the obligation of the OWNER to make repayment as provided in this Agreement, the OWNER hereby grants and conveys unto the CITY, and the CITY shall have a lien on the real estate located in the CITY of Marshall, Lyon County, Minnesota, **legally described as:**

Lot Nine (9), Block Two (2), Schutz Addition to City of Marshall, Minnesota

#217239

Commonly known as: 223 North Hill St., Marshall, MN 56258 (hereinafter the "Property").

Said lien shall be in the full amount necessary to satisfy the Loan and the repayment obligation, as set forth in this Agreement, together with the costs, including reasonable attorney's fees, to collect such amount, if collection is necessary.

2. Primary Residence:

The OWNER agrees to continue to occupy the Property as his principal place of residence during the term of the Loan.

3. Terms of the Agreement:

- A. Interest shall accrue on this Loan at the rate of 0%.
- B. All payments of principal shall be deferred.
- C. The principal amount of the Loan shall be forgiven, in full, only after 10 years from the Effective Date, unless the OWNER should default as described hereunder. Principal will be forgiven 10% annually from the Effective Date should the OWNER remain in compliance with the Loan terms.
- D. This mortgage and all liens created hereunder will automatically terminate and be of no further force and effect if a Notice of Lis Pendens to Foreclose Mortgage has not been filed on or before December 9th 2029 (ten years from the Effective Date).

4. Insurance: OWNER agrees to keep all buildings, improvements, and fixtures, currently or in the future located on or a part of the Property, insured against loss by fire, extended coverage perils, vandalism, malicious mischief, and, if applicable, steam boiler explosion to the full insurable value and at least the amount of the full insurable value (**total of all liens on property**) at all times while any amount remains unpaid under this Agreement. If any of the buildings, improvements or fixtures are located in a federally-designated flood-prone area and if flood insurance is available for that area, OWNER shall procure and maintain flood insurance in amounts reasonably satisfactory to the CITY. The insurance shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to the CITY. The Property shall maintain property insurance and such insurance policy shall contain a mortgagee/loss payable clause in favor of the CITY affording all rights and privileges customarily provided under the so-called standard mortgage clause. The insurance policies shall provide for not less than thirty (30) days written notice to the CITY before cancellation, non-renewal, termination or change in coverage; and the OWNER shall deliver to the CITY a duplicate original or certificate of insurance for such policies. In the event of damage to the Property by fire or other casualty, the OWNER shall promptly give notice of such damage to the CITY and the insurance company.

5. CITY hereby agrees to furnish the OWNER with a conformed copy of this Agreement at the time of execution.

6. Default:

In the event of any default in the payment of any principal or other indebtedness due hereunder or any other breach of this Agreement, the CITY may, at its right and option, declare immediately due and payable the principal balance of this Agreement, together with any attorneys fees incurred by the CITY in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder and payment thereof may be enforced and recovered in whole or in part at any time by one or more of the remedies provided in any document securing this Agreement. The CITY may extend the time of payment of principal of this Agreement without notice to or consent of any party liable hereon and without releasing such party. Default by the OWNER shall be defined by one or more of the following:

- A. If the Property fails to be maintained as a primary residence as described in the Small Cities Development Program Procedural Guidelines.
- B. If the OWNER fails to utilize the Small Cities Development Program funds for rehabilitation of the described Property in a manner authorized by the CITY.
- C. If the OWNER fails to insure the Property as described above.
- D. If the real estate herein described is sold, transferred, or otherwise conveyed, whether voluntarily or involuntarily, either while the OWNER is living or by reason of the death of the OWNER.
- E. If the real estate herein described loses its homestead status for real estate tax purposes.

- F. If the OWNER should become delinquent on his Property taxes and assessments attributed to the Property described herein.
- G. If in the event that the OWNER is authorized to perform certain work elements as allowed by the Small Cities Development Program Procedural Guidelines and the OWNER fails to fulfill the Work Agreement.
- H. If the OWNER makes untrue, false or fraudulent statement(s) on the Small Cities Development Program Application.
- I. Failure to comply with any of the terms of this Agreement.

In the event of default, the remaining unforgiven portion of the Loan shall be repaid to the CITY in the following manner:

A. Repayment to the CITY shall be made by the OWNER or his/her/their heirs, executors, or representatives not later than the 30th day following (a) the date of default or (b) notice of default by the CITY, whichever is earlier. If the Loan is not repaid during this repayment period, the OWNER shall pay at an annual rate of interest of 12% until the outstanding balance is repaid.

B. In its sole discretion, the CITY may designate a later date for payment and/or waive late fees. If the CITY makes such a designation, written notice will be given to the OWNER, his/her/their heirs, executors, or representatives. Terms for repayment would then be as agreed between the parties.

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

Acceleration- Remedies. CITY shall give notice to OWNER prior to acceleration following OWNER's breach of any covenant or agreement in this Agreement. 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 OWNER, by which the default must be cured; 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 Agreement and the sale of the Property. The notice shall further inform OWNER of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of OWNER to acceleration and sale. If the breach is not cured on or before the date specified in the notice, or if the maturity date has occurred, CITY at its option may require immediate payment in full of all sums secured by this Agreement without further demand and may invoke the power of sale and any other remedies permitted by applicable law. CITY shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

If CITY invokes the power of sale, CITY shall cause a copy of a notice of sale to be served upon any person in possession of the Property. CITY shall publish a notice of sale and the Property shall be sold at public auction in the manner prescribed by applicable law. CITY 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 Agreement; and (c) any excess to the person or persons legally entitled thereto.

7. During the life of the SCDP loan, BORROWER may refinance to secure a lower interest rate on a mortgage, not exceeding a loan to value of more than 125%. BORROWER may also use equity to rehabilitate the property. Cash equity for all other uses is not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED. DEED does not process subordinations. Subordinations are to be reviewed and processed by the LENDER.

8. Property Transfer by Contract for Deed:

If this Agreement is executed by a Contract Vendor, as one of the OWNERS, such execution shall be deemed for the purpose of establishing and continuing the existence of the indebtedness described and the lien granted herein. However, in the event of default of the terms hereof, neither the CITY, nor its

successors or assigns, shall take any action against such Contract Vendor, except as may be necessary in order to subject the real estate described herein to the satisfaction of said indebtedness. The Contract Vendor shall not be personally liable by reason of any default which may occur in the performance or by reason of the non-performance by the OWNER(S) of any of the terms of this Agreement; and the CITY shall not seek or be entitled to any personal judgment against the Contract Vendor by reason of any default hereunder. The sole remedy of the CITY against the Contract Vendor, in the event of any default, shall be to proceed against the real estate described herein in the manner provided in this Agreement and by law in order to subject the real estate to repayment of the Loan. The parties hereto agree that any conveyance of the real estate described herein by the Contract Vendor shall subject said real estate to this lien for so long as the Loan is unpaid and outstanding.

9. Owners' Covenants:

The OWNER(S) agree to keep the Property free from all junior liens and encumbrances. The OWNER(S) further agree to commit or permit no waste on the Property, to keep the Property in good repair, and to pay any expenses or attorney's fees that may incur by reason of litigation in protection of this Agreement.

10. Additional Terms:

- A. This Agreement may be prepaid in whole or in part without penalty.
- B. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
- C. It is intended that this Note is made with reference to and shall be governed by and construed in accordance with the laws of the State of Minnesota.
- D. The provisions of this Agreement shall run with the real estate described above and shall inure to the benefit of and be binding upon the parties hereto and their respective, heirs, executors, representatives, successors and assigns.

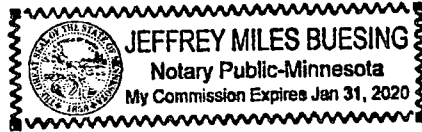
(Signature page to follow)

IN WITNESS WHEREOF, the parties hereto have executed this COMBINATION SECURITY AGREEMENT, NOTE, REPAYMENT AGREEMENT AND LIEN as of the day and year first above written.

“OWNER(S)”:

Chancey Frances Devos
Chancey Frances Devos

STATE OF MINNESOTA)
) ss.
COUNTY OF LYON)



On this 9th day of December, 2019, before me, a Notary Public in and for the State of Minnesota, personally appeared Chancey Frances Devos, a single person, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that **she** executed the same as **her** free and voluntary act and deed.

Jeffrey Miles Buesing
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

United Community Action Partnership, Inc.
1400 S. Saratoga St.
Marshall, MN 56258
507-537-1416

This instrument is exempt from registration tax under Section 287.04 of Minnesota Statutes.