

Receipt:# 574308

A1027273

MTG \$46.00
Exempt From Tax

Return to
SOUTHWEST MINNESOTA
HOUSING PARTNERSHIP
2401 BROADWAY AVE
SLAYTON MN 56172



Certified Filed and/or recorded on

6/16/2017 9 14 AM

Office of the County Recorder
Scott County, Minnesota
James L. Herziges County Recorder
Cynthia M. Geis Auditor Treasurer

(Recording Information Only)

**CITY OF NEW PRAGUE
SMALL CITIES DEVELOPMENT PROGRAM**

COMMERCIAL REHABILITATION PROGRAM

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

THIS COMINATION SECURITY AGREEMENT, NOTE, REPAYMENT AGREEMENT AND LIEN, (hereinafter "the Agreement") made and entered into this 13th day of June, 2017, by and between Douglas Lau and Patty Lau, husband and wife, (hereinafter the "OWNERS"), and the **CITY OF NEW PRAGUE**, a municipal corporation under the laws of the State of Minnesota, having its principal office at **118 Central Avenue North, New Prague, Minnesota, 56071-2462**, (hereinafter the "CITY")

WITNESSETH :

WHEREAS, on the 13th day of June, 2017, (hereinafter the "Effective Date") the CITY made a loan (hereafter the "Loan") to the OWNERS in the amount of Twenty Seven Thousand Nine Hundred Fifty-Two Dollars and no/00 (\$27,952.00) to rehabilitate the commercial real estate hereinafter described, and,

WHEREAS, said Loan is made on the condition that the OWNERS execute this Agreement, and,

WHEREAS, said OWNERS declare that currently the commercial tenants occupying the Property are operating a bona fide, active, operating business on the premises

WHEREAS, said OWNERS state that they currently meet 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 OWNERS, the OWNERS do 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 unforgiven principal deferred sums, evidenced by this Agreement, to protect the security granted hereunder, and (c) the performance of the OWNERS covenants and agreements under this Agreement For these purposes, the OWNERS do hereby mortgage, grant and convey to the CITY, with the power of sale, the described real estate As security for the obligation of the OWNERS to make repayment as provided in this Agreement, the OWNERS hereby grant and convey unto the CITY, and the CITY shall have a lien on the real estate located in the City of New Prague, Scott County, Minnesota, legally described as

See attached Exhibit "A"

Commonly known as 121 West Main Street New Prague, MN 56071 (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 Terms of the Agreement

This loan amount is divided into two loans for the purpose of repayment LOAN #1 is comprised of Thirteen Thousand Nine Hundred Seventy-Six dollars (\$13,976 00) This loan shall be forgiven in the following manner

- 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 5 years from the Effective Date, unless the OWNERS should default as described hereunder Principal will be forgiven 20% annually from the Effective Date should the OWNERS 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 June 13, 2022

If the BORROWER does not comply with the terms of this Agreement for the full ten-year period, the amount to be forgiven will be calculated based on the period of time of their compliance

LOAN #2 is comprised of Thirteen Thousand Nine Hundred Seventy-Six dollars (\$13,976 00) Interest will accrue on the unpaid balance at the rate of 2% per month for a term of ten years commencing June 13, 2017 Borrower agrees to repay this loan to the City ("Lender") in monthly installments of \$128 51 (including principal and interest) The first installment shall be due on the 1st day of July, 2017 and monthly payments shall continue on the 1st day of each month thereafter, as set forth in the amortization schedule identified as "Exhibit B" which is attached hereto and made a part hereof by reference Payments made later than ten days after the 1st of each month will be subject to a \$15 00 late fee charge A final payment in the amount of \$128 51 shall be due on the 1st day of June,

2027 All payments will be applied first to interest and then to principal The Borrower has the right to prepay the loans at any time without penalty

Payments on Loan #2 are to be made as directed above to

City of New Prague
Attn Patty Solheid, Finance Director
118 Central Ave North
New Prague, MN 56071

3 Insurance

OWNERS 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 a 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 OWNERS 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 OWNERS shall promptly give notice of such damage to the CITY and the insurance company

4 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 OWNERS shall be defined by one or more of the following

- A If the OWNERS fail to utilize the Small Cities Development Program funds for rehabilitation of the described Property in a manner authorized by the CITY
- B If the OWNERS fail to insure the Property as described above
- C If the real estate hereinafter described is sold, transferred, or otherwise conveyed, whether voluntarily or involuntarily, either while the OWNERS are living or by reason of the death of the OWNERS
- D If the OWNERS transfer any interest in the property by means of a contract for deed
- E If the OWNERS should become delinquent on their Property taxes and assessments attributed to the Property described hereunder

- F If in the event that the OWNERS are authorized to perform certain work elements as allowed by the Small Cities Development Program Procedural Guidelines and the OWNERS fail to fulfill the Work Agreement
- G If the OWNERS make untrue, false or fraudulent statement on the Small Cities Development Program Application
- H If the OWNERS fail to occupy the Property with the bona fide, active and operating business approved at the time of application, during the term of the Loan

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 OWNERS 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 OWNERS shall pay an interest rate of 12% per month 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 OWNERS, his/her/their heirs, executors, or representatives. Terms for repayment would then be as agreed between the parties

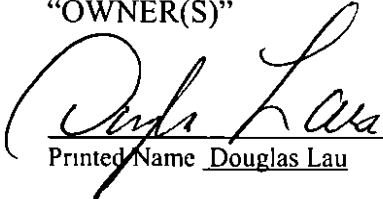
5 Covenants


- A The OWNERS agree to keep the Property free from all liens and encumbrances. The OWNERS 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
- B This Agreement may be prepaid in whole or in part without penalty
- C This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota
- D 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
- E 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)"


Printed Name Douglas Lau


Printed Name Patty Lau

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

On this 13th day of June, 2017 before me, a Notary Public in and for the State of Minnesota, personally appeared Douglas Lau and Patty Lau, husband and wife to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as his/her/their free and voluntary act and deed




Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Southwest Minnesota Housing Partnership
2401 Broadway Avenue, Suite 4
Slayton, MN 56172
507-836-1617

This instrument is exempt from registration tax under Section 287 04 of Minnesota Statutes

EXHIBIT "A"

All that part of the Southeast Quarter (SE $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of section Thirty-four (34), Township One Hundred and thirteen (113), Range Twenty-three (23) West, Scott County, Minnesota, described as follows: Starting at a point on the North line of Main Street, New Prague, Minnesota, which point is 215.8 feet West of an iron monument, which iron monument is 1648 links West and 33 feet North of the South Quarter corner of said Section 34, Township 113 North, Range 23 West, and running thence West, along the North line of said Main Street, a distance of 57 feet; running thence North, parallel to First Avenue Northwest a distance of 197.65 feet, thence East a distance of 57 feet along a line parallel to the North line of said Main Street; thence South 196.7 feet more or less along a line parallel to 1st Avenue Northwest, to the point of beginning

Together with the following easements for the purpose of driveway and right-of-way for access and egress to and between the above described premises and adjacent premises and streets, described as follows:

Beginning at a point on the North line of Main Street, New Prague, Minnesota, 215.8 feet West of the iron monument, which is 1648 links West and 33 feet North of the South Quarter corner of said Section 34; thence North, on a line parallel to 1st Avenue Northwest, a distance of 196.3 feet, thence East on a line parallel to said Main Street, a distance of 17 feet; thence South, on a line parallel to said First Avenue Northwest, a distance of 196.3 feet to the North line of said Main Street; thence West a distance of 17 feet to the point of beginning, for the purpose of a driveway and right-of-way for access and egress to and between said Main Street and the land immediately adjacent and to the North and to the East of the land first above described,

-AND ALSO-

That certain easement for travel and right-of-way purposes over the land described as follows: Starting at a point 57 feet West and 113 feet North of a point which is 215.8 feet West of an iron monument, which iron monument is 1648 links West and 33 feet North of the South Quarter corner of said Section 34, and running thence West and parallel to said Main Street a distance of 10 feet; thence North along a line parallel to First Avenue Northwest, a distance of 74.65 feet, thence West along a line parallel to said Main Street, a distance of 20 feet; thence North along a line parallel to said First Avenue Northwest, a distance of 207.65 feet, more or less, to a point on the South line of First Street Northwest; thence East along the South line of First Street Northwest a distance of 10 feet; thence South along a line parallel to First Avenue Northwest a distance of 197.65 feet, thence East along a line parallel to said Main Street, a distance of 20 feet; thence South, along a line parallel to First Avenue Northwest a distance of 84.65 feet, more or less, to the point of beginning,

-AND ALSO-

All rights for travel and right-of-way purposes contained in easement from Richard F. Korbel and Mary Korbel dated April 15th, 1954, recorded April 19th, 1954, in Book 129 of Deeds on Pages 476-7 in the office of the County Recorder of Scott County, Minnesota, described as follows:

An easement for right of way purposes and passage over and across a strip of land 15 feet wide described as follows:

Starting at a point 197.65 feet north and 57 feet west of a point on the north line of Main Street, New Prague, Minnesota, which point is 215.8 feet west of an iron monument which iron monument is 1648 links west and 33 feet north of the south quarter corner of said Section 34, Township 113 North, Range 23 West, and running thence in a northerly direction seventy feet, thence in an easterly direction fifteen feet, thence in a southerly direction seventy feet, and thence in a westerly direction fifteen feet to the point of beginning.

-AND ALSO-

All easement rights for driveway and right-of-way purposes reserved by grantors in deed to Richard F. Korbel and Mary Korbel dated January 11, 1949, and recorded December 7, 1949, in Book 118 of Deeds on Page 476 in the office of the County Recorder for Scott County, Minnesota, described as follows.

All that part of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Sec. 34, Twp. 113, N. Rng. 23 W. Scott County, Minnesota, described as follows. Starting at a point 189.3 feet north of a point on the north line of Main Street, New Prague, Minnesota, which point is 215.8 feet west of an iron monument which iron monument is 1648 links west and 33 feet north of the south quarter corner of said section 34, Twp. 113, Rng. 23 W, and running thence east parallel to Main Street a distance of 47.3 feet; running thence north parallel to First Avenue NW a distance of 204.1 feet to the south line of First Street NW; running thence west along the south line of First Street NW a distance of 134.3 feet; running thence South parallel to First Avenue NW a distance of 197.65 feet; running thence east parallel to Main Street a distance of 87 feet; and running thence south parallel to First Avenue NW a distance of 7.4 feet more or less to the point of beginning, subject to an easement reserved by grantors, their heirs and assigns for driveway and right-of-way purposes over and across the westerly ten feet of the above described tract.

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EASEMENTS AS PART OF EXHIBIT "A"

SUBJECT TO:

That no building on the property conveyed shall ever be used as a slaughterhouse or for dressing of animals or poultry and that this covenant shall run with the land and be binding on the parties to this agreement, the survivor of said parties and the heirs and assigns of said survivor,

-AND ALSO-

Subject to a Wall Agreement Easement dated August 1, 1961, filed November 13, 1961, and recorded in Book 153 of Deeds on Pages 27-29.

AND FURTHER subject to a telephone systems easement dated July 31, 1970, filed August 18, 1970, and recorded as Doc. No. 124124.

-AND ALSO-

All other easements and agreements of record.

OK
01

Douglas and Patty Lau

Compound Period Monthly

Nominal Annual Rate 2.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	06/13/2017	13,976.00	1		
2 Payment	07/01/2017	128.51	120	Monthly	06/01/2027

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	06/13/2017				13,976.00
1	07/01/2017	128.51	13.78	114.73	13,861.27
2	08/01/2017	128.51	23.10	105.41	13,755.86
3	09/01/2017	128.51	22.93	105.58	13,650.28
4	10/01/2017	128.51	22.75	105.76	13,544.52
5	11/01/2017	128.51	22.57	105.94	13,438.58
6	12/01/2017	128.51	22.40	106.11	13,332.47
2017 Totals		771.06	127.53	643.53	
7	01/01/2018	128.51	22.22	106.29	13,226.18
8	02/01/2018	128.51	22.04	106.47	13,119.71
9	03/01/2018	128.51	21.87	106.64	13,013.07
10	04/01/2018	128.51	21.69	106.82	12,906.25
11	05/01/2018	128.51	21.51	107.00	12,799.25
12	06/01/2018	128.51	21.33	107.18	12,692.07
13	07/01/2018	128.51	21.15	107.36	12,584.71
14	08/01/2018	128.51	20.97	107.54	12,477.17
15	09/01/2018	128.51	20.80	107.71	12,369.46
16	10/01/2018	128.51	20.62	107.89	12,261.57
17	11/01/2018	128.51	20.44	108.07	12,153.50
18	12/01/2018	128.51	20.26	108.25	12,045.25
2018 Totals		1,542.12	254.90	1,287.22	
19	01/01/2019	128.51	20.08	108.43	11,936.82
20	02/01/2019	128.51	19.89	108.62	11,828.20
21	03/01/2019	128.51	19.71	108.80	11,719.40
22	04/01/2019	128.51	19.53	108.98	11,610.42
23	05/01/2019	128.51	19.35	109.16	11,501.26
24	06/01/2019	128.51	19.17	109.34	11,391.92
25	07/01/2019	128.51	18.99	109.52	11,282.40
26	08/01/2019	128.51	18.80	109.71	11,172.69
27	09/01/2019	128.51	18.62	109.89	11,062.80
28	10/01/2019	128.51	18.44	110.07	10,952.73
29	11/01/2019	128.51	18.25	110.26	10,842.47
30	12/01/2019	128.51	18.07	110.44	10,732.03
2019 Totals		1,542.12	228.90	1,313.22	

Douglas and Patty Lau

	Date	Payment	Interest	Principal	Balance
31	01/01/2020	128 51	17 89	110 62	10,621 41
32	02/01/2020	128 51	17 70	110 81	10,510 60
33	03/01/2020	128 51	17 52	110 99	10,399 61
34	04/01/2020	128 51	17 33	111 18	10,288 43
35	05/01/2020	128 51	17 15	111 36	10,177 07
36	06/01/2020	128 51	16 96	111 55	10,065 52
37	07/01/2020	128 51	16 78	111 73	9,953 79
38	08/01/2020	128 51	16 59	111 92	9,841 87
39	09/01/2020	128 51	16 40	112 11	9,729 76
40	10/01/2020	128 51	16 22	112 29	9,617 47
41	11/01/2020	128 51	16 03	112 48	9,504 99
42	12/01/2020	128 51	15 84	112 67	9,392 32
2020 Totals		1,542 12	202 41	1,339 71	
43	01/01/2021	128 51	15 65	112 86	9,279 46
44	02/01/2021	128 51	15 47	113 04	9,166 42
45	03/01/2021	128 51	15 28	113 23	9,053 19
46	04/01/2021	128 51	15 09	113 42	8,939 77
47	05/01/2021	128 51	14 90	113 61	8,826 16
48	06/01/2021	128 51	14 71	113 80	8,712 36
49	07/01/2021	128 51	14 52	113 99	8,598 37
50	08/01/2021	128 51	14 33	114 18	8,484 19
51	09/01/2021	128 51	14 14	114 37	8,369 82
52	10/01/2021	128 51	13 95	114 56	8,255 26
53	11/01/2021	128 51	13 76	114 75	8,140 51
54	12/01/2021	128 51	13 57	114 94	8,025 57
2021 Totals		1,542 12	175 37	1,366 75	
55	01/01/2022	128 51	13 38	115 13	7,910 44
56	02/01/2022	128 51	13 18	115 33	7,795 11
57	03/01/2022	128 51	12 99	115 52	7,679 59
58	04/01/2022	128 51	12 80	115 71	7,563 88
59	05/01/2022	128 51	12 61	115 90	7,447 98
60	06/01/2022	128 51	12 41	116 10	7,331 88
61	07/01/2022	128 51	12 22	116 29	7,215 59
62	08/01/2022	128 51	12 03	116 48	7,099 11
63	09/01/2022	128 51	11 83	116 68	6,982 43
64	10/01/2022	128 51	11 64	116 87	6,865 56
65	11/01/2022	128 51	11 44	117 07	6,748 49
66	12/01/2022	128 51	11 25	117 26	6,631 23
2022 Totals		1,542 12	147 78	1,394 34	
67	01/01/2023	128 51	11 05	117 46	6,513 77
68	02/01/2023	128 51	10 86	117 65	6,396 12
69	03/01/2023	128 51	10 66	117 85	6,278 27
70	04/01/2023	128 51	10 46	118 05	6,160 22
71	05/01/2023	128 51	10 27	118 24	6,041 98
72	06/01/2023	128 51	10 07	118 44	5,923 54
73	07/01/2023	128 51	9 87	118 64	5,804 90

Douglas and Patty Lau

	Date	Payment	Interest	Principal	Balance
74	08/01/2023	128 51	9 67	118 84	5,686 06
75	09/01/2023	128 51	9 48	119 03	5,567 03
76	10/01/2023	128 51	9 28	119 23	5,447 80
77	11/01/2023	128 51	9 08	119 43	5,328 37
78	12/01/2023	128 51	8 88	119 63	5,208 74
2023 Totals		1,542 12	119 63	1,422 49	
79	01/01/2024	128 51	8 68	119 83	5,088 91
80	02/01/2024	128 51	8 48	120 03	4,968 88
81	03/01/2024	128 51	8 28	120 23	4,848 65
82	04/01/2024	128 51	8 08	120 43	4,728 22
83	05/01/2024	128 51	7 88	120 63	4,607 59
84	06/01/2024	128 51	7 68	120 83	4,486 76
85	07/01/2024	128 51	7 48	121 03	4,365 73
86	08/01/2024	128 51	7 28	121 23	4,244 50
87	09/01/2024	128 51	7 07	121 44	4,123 06
88	10/01/2024	128 51	6 87	121 64	4,001 42
89	11/01/2024	128 51	6 67	121 84	3,879 58
90	12/01/2024	128 51	6 47	122 04	3,757 54
2024 Totals		1,542 12	90 92	1,451 20	
91	01/01/2025	128 51	6 26	122 25	3,635 29
92	02/01/2025	128 51	6 06	122 45	3,512 84
93	03/01/2025	128 51	5 85	122 66	3,390 18
94	04/01/2025	128 51	5 65	122 86	3,267 32
95	05/01/2025	128 51	5 45	123 06	3,144 26
96	06/01/2025	128 51	5 24	123 27	3,020 99
97	07/01/2025	128 51	5 03	123 48	2,897 51
98	08/01/2025	128 51	4 83	123 68	2,773 83
99	09/01/2025	128 51	4 62	123 89	2,649 94
100	10/01/2025	128 51	4 42	124 09	2,525 85
101	11/01/2025	128 51	4 21	124 30	2,401 55
102	12/01/2025	128 51	4 00	124 51	2,277 04
2025 Totals		1,542 12	61 62	1,480 50	
103	01/01/2026	128 51	3 80	124 71	2,152 33
104	02/01/2026	128 51	3 59	124 92	2,027 41
105	03/01/2026	128 51	3 38	125 13	1,902 28
106	04/01/2026	128 51	3 17	125 34	1,776 94
107	05/01/2026	128 51	2 96	125 55	1,651 39
108	06/01/2026	128 51	2 75	125 76	1,525 63
109	07/01/2026	128 51	2 54	125 97	1,399 66
110	08/01/2026	128 51	2 33	126 18	1,273 48
111	09/01/2026	128 51	2 12	126 39	1,147 09
112	10/01/2026	128 51	1 91	126 60	1,020 49
113	11/01/2026	128 51	1 70	126 81	893 68
114	12/01/2026	128 51	1 49	127 02	766 66
2026 Totals		1,542 12	31 74	1,510 38	

Douglas and Patty Lau

	Date	Payment	Interest	Principal	Balance
115	01/01/2027	128 51	1 28	127 23	639 43
116	02/01/2027	128 51	1 07	127 44	511 99
117	03/01/2027	128 51	0 85	127 66	384 33
118	04/01/2027	128 51	0 64	127 87	256 46
119	05/01/2027	128 51	0 43	128 08	128 38
120	06/01/2027	128 51	0 13	128 38	0 00
2027 Totals		771 06	4 40	766 66	
Grand Totals		15,421 20	1,445 20	13,976 00	

