

THIS MORTGAGE ADDENDUM (this "**Addendum**") is attached to and made a part of that certain Mortgage dated _____
(month/day/year)
between _____, as ("**Borrower**"),
(insert name of Borrower)
and _____, as ("**Lender**").
(insert name of Lender)

The terms and conditions contained in this Addendum supersede any provisions of the Mortgage which conflict with such terms and conditions. Unless defined in this Addendum, all capitalized terms have the same meaning as in the Mortgage. Only those provisions checked only in the "Yes" column below shall be included in the Mortgage, but thereafter such provisions shall be fully incorporated therein.

Yes No

- ☐ ☐ **A. Transfer Restrictions.** Borrower may not sell, assign, or otherwise transfer all or any part of Borrower's interest in the Property, and, if Borrower is an entity, a controlling interest in Borrower may not be transferred without the written consent of Lender, which consent:
- (check only one box) ☐ may be granted or withheld in the sole discretion of Lender.
☐ may not be unreasonably withheld, conditioned, or delayed.
- ☐ ☐ **B. Escrows.** In addition to the payments of principal and interest due under the Note, Borrower shall deposit monthly with Lender an amount equal to one-twelfth (1/12) of the annual real estate taxes, installments of special assessments, and insurance premiums with respect to the Property (the "**Escrow**"). The amount of the Escrow, when unknown, shall be estimated by Lender. The Escrow may be commingled but, except in event of default under this Mortgage or Note, shall be used by Lender only to pay real estate taxes, installments of special assessments, and insurance premiums with respect to the Property when due. If Lender fails to make such payments, Borrower may, at Borrower's option, pay any such delinquent amounts and deduct such amounts so paid from payments next coming due under the Note. If the balance deposited with Lender is insufficient to pay such real estate taxes, special assessments, and insurance premiums when due, Borrower shall promptly pay the deficiency to Lender upon written demand. In addition to the foregoing, in event of default under this Mortgage or Note, Lender may elect to apply the Escrow to the Indebtedness.
- ☐ ☐ **C. Revolving Line Of Credit.** This Mortgage secures a revolving line of credit under which advances, payments, and readvances may be made from time to time. The maximum principal amount, excluding protective advances that may be secured by this Mortgage at any one time is _____
_____ Dollars (\$ _____).
- ☐ ☐ **D. Hazardous Substances.** Except for small quantities stored and used in compliance with applicable law, Borrower shall not bring, store, generate, or treat hazardous substances, toxic wastes, or petroleum products on the Property. Borrower hereby indemnifies, defends, and holds Lender harmless from any and all claims, demands, actions, causes of action, liabilities or rights which may be asserted against Lender with respect to such substances, wastes, or products. This obligation shall survive the satisfaction or foreclosure of this Mortgage.

- ☐ ☐ E. **Borrower's Absolute Right To Rebuild.** *(Note: If you have checked the "Yes" box for this Paragraph E, do not check the "Yes" box for Paragraph F below. If both such boxes are checked, Paragraph 3(d) of the Mortgage shall be deemed unaltered.)* Paragraph 3(d) of this Mortgage is hereby deleted and is replaced by the following: If (i) Borrower is not in default under this Mortgage (or after Borrower has cured any such default) and (ii) the mortgagees under any prior mortgages do not require otherwise, then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "**Repairs**") deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under the Note in accordance with Paragraph 3(c) of this Mortgage.
- ☐ ☐ F. **No Right To Rebuild.** *(Note: If you have checked the "Yes" box for this Paragraph F, do not check the "Yes" box for Paragraph E above. If both such boxes are checked, Paragraph 3(d) of the Mortgage shall be deemed unaltered.)* Paragraph 3(d) of this Mortgage is hereby deleted.
- ☐ ☐ G. **Security Interest.** This Mortgage shall constitute a security agreement with respect to all personal property owned by Borrower and located on or used in connection with the Property, and Borrower hereby grants Lender a security interest therein (the "**Security Interest**"). Borrower hereby consents to the filing of any and all financing statements which Lender may reasonably consider necessary or appropriate to perfect the Security Interest.
- ☐ ☐ H. **Fixture Filing.** This Mortgage shall constitute a "fixture filing" against all of the Property that is or is to become fixtures, and the following information is provided so that this Mortgage shall comply with the requirements of the UCC for a mortgage instrument to be filed as a financing statement.

(i) Name and Address of Borrower, as debtor:

(ii) Name and Address of Lender, as secured party:

- (iii) The name of the record owner of the security is the debtor described above.
- (iv) Debtor is organized as a _____.
- (v) Debtor's jurisdiction of organization is _____.
- (vi) Debtor's organizational identification number is _____.

☐ ☐

I. Assignment Of Rents. Borrower hereby absolutely and unconditionally assigns and transfers to Lender all of the rents, issues, profits, proceeds, and revenues of the Property, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property (collectively, the "**Rents**"), regardless of to whom the Rents are otherwise payable. Borrower and Lender intend this assignment of Rents to constitute an absolute assignment and not an assignment for additional security only. Borrower hereby authorizes Lender to collect the Rents and hereby directs each tenant of the Property to pay such Rents to Lender or Lender's agents. However, prior to written notice from Lender to Borrower of a default under this Mortgage or Note, Borrower shall enjoy a license to collect and receive all Rents and shall apply the Rents to the sums secured by this Mortgage as required under the terms of the Note and may apply the balance of the Rents to Borrower's own account. Upon delivery of written notice by Lender to Borrower of a breach by Borrower of any covenant or agreement in this Mortgage (and without the necessity of Lender entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver), such license shall be revoked and Lender will immediately be entitled to possession of all Rents as the same become due and payable, including but not limited to Rents then due and unpaid.

Borrower agrees that upon receipt of notice of Borrower's breach, each tenant of the Property is authorized to pay Rents as directed by Lender without any liability on the part of any tenant to inquire further as to the existence of a default by Borrower. If Lender desires to direct tenants' payments of Rents, Lender may deliver payment instructions to tenants either personally, by mail, or by delivering payment instructions to each rental premises at the Property.

In addition to any rights granted under the terms of this Mortgage, upon Borrower's default under this Mortgage, Borrower irrevocably consents, and Lender will be entitled as a matter of right, to the appointment of a limited receiver (as defined in Minn. Stat. 576.21) without notice and without giving bond, and without regard to the solvency or insolvency of Borrower, waste, or adequacy of the security. The receiver will have all the rights, powers, and remedies provided by law (including without limitation the rights of receiver under Minn. Stat. 576.25, subd. 5, and Minn. Stat. 576.29, as each is amended). From appointment through any period of redemption, the receiver will: (i) collect the Rents; (ii) manage the Property so as to prevent waste; (iii) execute leases within or beyond the receivership; (iv) perform the terms of this Mortgage; and (v) apply the Rents to the payment of the expenses set forth in Minn. Stat. 576.25, subd. 5(d), to all expenses for maintenance of the Property, to the costs and expenses of the receivership, including attorneys' fees, and to the repayment of the Indebtedness..

Lender or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be required to account only for those Rents actually received by Lender or the receiver. Lender shall not be liable to Borrower, anyone claiming under or through Borrower, or anyone having an interest in the Property by reason of anything done or left undone by Lender or the receiver under this Addendum.

Borrower hereby covenants that: (a) there is currently no other assignment of the Rents; (b) Borrower will not execute any instrument which would prevent Lender from exercising its rights pursuant to the assignment of rents in this Paragraph I; (c) at the time of execution of this Mortgage there has been no prepayment of any of the Rents of the Property for more than one month prior to the due dates of such Rents; and (d) Borrower will not hereafter collect or accept payment of any Rents of the Property more than one month prior to the due dates of such Rents.