

TAX-EXEMPT FINANCING RIDER

THIS TAX-EXEMPT FINANCING RIDER is made this day of _____, 20__, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (“Security Instrument”) of the same date given by the undersigned (the “Borrower”) to secure Borrower’s Note (“Note”) to _____ (“Lender”) of the same date and covering the property described in the Security Instrument and located at (Property Address).

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

Lender, or such of its successors or assigns as may by separate instrument assume responsibility for assuring compliance by the Borrower with the provisions of this Tax-Exempt Financing Rider, may require immediate payment in full of all sums secured by this Security Instrument if:

(a) all or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) by Mortgagor to a purchaser or other transferee: (i) who cannot reasonably be expected to occupy the property as a principal residence within a reasonable time after the sale or transfer, all as provided in Sections 143(c) and (i)(2) of the Internal Revenue Code; or (ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Sections 143(d) and (i)(2) of the Internal Revenue Code (except that the language “100 percent” shall be substituted for “95 percent or more” where the latter appears in Section 143(d)(l); or (iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110% for Targeted Area residences), all as provided in Sections 143(e) and (i)(2) of the Internal Revenue Code; or (iv) who has a gross income in excess of applicable median family income as provided in Sections 143(f) and (i)(2) of the Internal Revenue Code; or

(b) Mortgagor fails to occupy the property described in the mortgage without prior written consent of the Mortgagee or its successors or assigns described at the beginning of this Addendum; or

(c) Mortgagor omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for this mortgage; or

(d) All or any part of the property securing the Mortgage (the “Property”) or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender’s prior written consent.

However, Borrower may transfer all or part of the property securing the Mortgage if (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender’s security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in the Mortgage is acceptable to Lender under its customary underwriting standards.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender’s consent to the loan assumption agreement Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in the Mortgage. Borrower will continue to be obligated under the Note and the Mortgage unless Lender releases Borrower in writing.

References are to the 1986 Internal Revenue Code, as amended and in effect on the date of execution of the mortgage and are deemed to include the implementing regulations. By signing below, the Mortgagor accepts and agrees to the terms and conditions of the Tax-Exempt Financing Rider to the Security Instrument

Signature of Mortgagor

Typed Name of Mortgagor

Signature of Mortgagor

Typed Name of Mortgagor