

MINNESOTA HOUSING FINANCE AGENCY
START UP
FHA FIRST MORTGAGE DEED AMENDMENT
(TAX-EXEMPT FINANCING RIDER)

The rights and obligations of the parties to the attached Mortgage Deed, which is incorporated herein by this reference, and the Note which is secured by the Mortgage Deed are expressly made subject to this Rider. In the event of any conflict between the provisions of this Rider and the other provisions of the Mortgage Deed or Note, the provisions of the Rider shall control.

In addition to the covenants and agreements made in the Mortgage Deed, Borrower and Lender further covenant and agree to amend Paragraph 9 of the attached Mortgage Deed, entitled "Grounds for Acceleration of Debt," by adding additional grounds for acceleration 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 the Mortgage Deed if:

- (a) All or part of the Property is sold or otherwise transferred by Borrower 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 Section 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 Section 143(d) and (i)(2) of the Internal Revenue Code (except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(1); or
 - (iii) At an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (i)(2) of the Internal Revenue Code; or
 - (iv) Who has a gross family income in excess of the applicable percentage of applicable median family income as provided in Section 143(f) and (i)(2) of the Internal Revenue Code; or

- (b) Borrower fails to occupy the property described in the Mortgage Deed without prior written consent of Lender or its successors or assigns, or
- (c) Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code and applicable regulations of the Treasury Department in an application for the loan secured by the Mortgage Deed.

References are to the Internal Revenue Code as amended and in effect on the date of issuance of bonds, the proceeds of which will be used to finance the purchase of the Mortgage Deed, and are deemed to include the implementing regulations.

IN WITNESS WHEREOF, the Mortgagor(s) has hereunto set his hand on the day and year first hereinbefore written.

BORROWER ACKNOWLEDGEMENT:

_____ Dated: _____
Borrower's Signature

(Print Borrower Name)

Dated: _____

Co-Borrower's Signature

Dated: _____

(Print Co-Borrower Name)

NOTARY SECTION:

State of _____
(Name of State where witnessed)

County of _____
(Name of County where witnessed)

SS.

This instrument was acknowledged before me this _____ day of _____, _____.

(day) (month) (year)

_____, by _____.

(year) (Print Borrower Name) (Print Co-Borrower Name)

Notary Stamp

Notary Public Signature