**VA Case No.**

**VA**

**TAX-EXEMPT FINANCING RIDER**

NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.

This Addendum, dated the \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_ amends the Deed of Trust (“Security Instrument”) of even date by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the party of the first part (and also referred to herein as the “Borrower”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the Trustees, party of the second part, which secures the repayment to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Lender”) of a certain note (“Note”) of even date herewith, as follows:

1. As long as the Note is held by Lender, Lender may declare all sums secured by this mortgage to be immediately due and payable if:
   1. All or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) by Borrower to a purchaser or other transferee:
      1. 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
      2. who has had a present ownership interest in a principal residence during a 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 the language “100 percent” shall be substituted for “95 percent or more” where the latter appears in Section 143(d)(1)); or
      3. 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
      4. who has an income in excess of that established by the Lender under its applicable regulations or program guidelines in effect on the date of the sale or transfer; or
      5. who has a gross income in excess of 115% of the applicable median family income (140% of the applicable median family income for purchaser or transferee of a residence in a targeted area), all as provided in Section 143(f) and (i)(2) of the Internal Revenue Code; or
   2. Notwithstanding anything to the contrary contained in the Security Instrument, Borrower fails to occupy the property described in the Mortgage without Lender’s prior written consent; or
   3. Borrower omits or misrepresents a material fact in an application for this loan. References to the Internal Revenue Code are to the Internal Revenue Code provisions in effect on the date of the execution of the Security Instrument, and are deemed to include the implementing regulations.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Borrower Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Borrower Signature