

**NORTEX AREA HOUSING FINANCE CORPORATION ("ISSUER")  
2002 SINGLE FAMILY MRB PROGRAM  
NOTICES TO BUYERS/AUTHORIZATION**

**NOTICE OF POTENTIAL RECAPTURE**

This mortgage loan is funded from the proceeds of a tax-exempt mortgage revenue bond of the Issuer, therefore, the Mortgagor(s) is(are) receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If the Mortgagor(s) sell or otherwise dispose of the residence during the next 9 years, this benefit may be "recaptured". Such recapture is accomplished by an increase in the Mortgagor(s) federal income tax for the year in which the residence is sold or disposed. This recapture only applies if there is a gain resulting from the sale or disposition of the residence and the total annual household income increases above specified levels. You may wish to consult a tax advisor or the Internal Revenue Service at the time of sale or disposition of the residence to determine the amount, if any, of the recapture tax. Following loan closing, you will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time you sell or dispose of the residence.

**NOTICE TO BUYERS OF SOME CONDITIONS OF SALE, ASSUMPTION AND RENTAL OF THE PROPERTY**

Your home is being financed with a mortgage made available with the assistance of the Issuer. This mortgage is made at an interest rate below what is usually being charged. Because of this, your mortgage provides that you cannot rent your home without the Mortgage Servicer's prior written consent (which consent can only be given in very limited, extreme circumstances) or sell your home to a person ineligible for assistance from the Authority, unless you pay your loan in full.

In order for the loan to be assumed, you must sell your home to a person eligible for assistance from the Authority, otherwise, you must pay your loan in full or the Authority may demand immediate full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the Lender may foreclose your mortgage and repossess the property. If the Lender takes your home through a foreclosure of the mortgage because of these reasons, HUD, FHA, VA, USDA:RD and/or the Authority (as applicable) will not be able to help you.

In order for the mortgage to be assumed, you must sell your home at or below the federally-designated maximum sales price in effect when you sell your home. (Federal law allows you to purchase a newly constructed home at the program newly constructed home maximum acquisition price but requires you to sell the property at the existing home maximum acquisition price in effect at the time of sale. There may be significant differences between the two.)

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Authority may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD, VA, USDA:RD or a private mortgage insurer (as applicable). If the Servicer files an insurance claim against HUD, VA, USDA:RD or the private mortgage insurer (as applicable) because of the foreclosure, HUD, VA, USDA:RD or the private mortgage insurer (as applicable) may then bring an action against you to collect the judgment.

**BORROWER AUTHORIZATION FOR COUNSELING**

If I fail to make any monthly mortgage payment as agreed, I understand that the servicer of my mortgage loan may refer me to a third-party counseling organization or a mortgage insurer that will advise me about finding ways to meet my mortgage obligation. I hereby authorize the servicer to release certain information related to the servicer's own experience with me to such third-party counseling organization or mortgage insurer, and request that the counseling party contact me.

I further hereby authorize the third-party counseling organization or mortgage insurer to make a recommendation about appropriate action to take with regard to my mortgage loan, which may assist the servicer in determining whether to restructure my loan or to offer other extraordinary services that could preserve my long-term home ownership.

**I/We have read and understand the Notices to Buyers.**

Date: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF MORTGAGOR

\_\_\_\_\_  
SIGNATURE OF COMORTGAGOR