

**ADDENDUM TO FIXED RATE NOTE
(NATIVE AMERICAN HOUSING)**

[TO BE USED WITH LEASEHOLD PROPERTY: THE NOTE, AS AMENDED BY THIS ADDENDUM, IS SECURED BY A MORTGAGE, DEED OF TRUST OR SECURITY DEED (SECURITY INSTRUMENT) THAT ENCUMBERS YOUR LEASEHOLD INTEREST ON INDIAN TRUST LAND OR RESTRICTED LAND. YOUR LEASEHOLD INTEREST IS MORE PARTICULARLY DESCRIBED IN A GROUND LEASE BETWEEN THE TRIBE, AS LESSOR, AND YOU, AS LESSEE. DURING THE TERM OF THE GROUND LEASE YOU HAVE A LEASEHOLD INTEREST IN THE LAND AND THE IMPROVEMENTS (BUILDINGS) LOCATED ON THE LAND. GENERALLY, UPON THE EXPIRATION OF THE TERM OF A GROUND LEASE, THE LAND AND THE IMPROVEMENTS BECOME THE PROPERTY OF THE LESSOR (i.e., REVERT BACK TO THE LESSOR). HOWEVER, UPON EXPIRATION OF THE TERM OF YOUR LEASE YOU MAY BE ENTITLED TO CERTAIN USE RIGHTS IN THE LAND AND THE IMPROVEMENTS WHICH MAY ENTITLE YOU TO CONTINUE TO USE AND OCCUPY THE PROPERTY IF YOU ARE QUALIFIED UNDER THE LAWS AND CUSTOMS OF THE TRIBE TO SUCH CONTINUING USE.]

THIS ADDENDUM TO FIXED RATE NOTE (the "Addendum") is made this _____ day of _____, 20____, and is incorporated into, and shall be deemed to amend and supplement, the Note made by the undersigned ("Borrower") to _____ (the "Lender") of the same date (the "Note"). The Note is secured by a Mortgage, Deed of Trust or Security Deed, and a Native American Housing Security Instrument Rider [for Allotments] [for Leaseholds] [for Assignments] (together, the "Security Instrument") of the same date hereof given by Borrower to secure Borrower's Note. The property subject to the Security Instrument (the "Property") is within the jurisdiction of the _____ Tribe (the "Tribe").

The Note and the Security Instrument were executed by Borrower pursuant to the terms of a Memorandum of Understanding dated _____, _____ between Fannie Mae and the Tribe (the "Memorandum of Understanding"), as approved by the Secretary of the Interior or a duly authorized representative thereof (the "Secretary").

ADDITIONAL COVENANT. Notwithstanding anything to the contrary contained in the Note, and in addition to the covenants and agreements made in the Note, Borrower and Lender further covenant and agree as follows:

A. GOVERNING LAW

- (a) The Borrower agrees that the choice of law governing the Note, this Addendum, and the Security Instrument shall be federal law and the laws of the Tribe, except to the extent that any such Tribal laws are silent or nonexistent, in which case the laws of the state in which the Property is located shall apply.
- (b) The Borrower consents and attorns to the personal jurisdiction of any court of competent jurisdiction designated by the Tribe in the Memorandum of Understanding with respect to all controversies or claims relating to or arising out of the Note, this Addendum, or the Security Instrument. The Borrower agrees that such controversies or claims shall be litigated in any such court.

[NOTE: FOR CONVENTIONAL ASSUMABLE LOANS ADD THE FOLLOWING PROVISION:

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER; ASSUMPTION

Section 10 of the Note is hereby deleted and the following shall be substituted therefor:

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under the Note, the Security Instrument protects the Note Holder from possible losses which might result if I do not keep the promises which I make in the Note. The Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under the Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower; Assumption. If all or any part of 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, Lender may, at its option, require immediate payment in full of all sums secured by the Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of the Security Instrument. Lender also shall not exercise this option 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; (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 Security Instrument is acceptable to Lender; and (c) the Property is sold or transferred to an eligible transferee in accordance with the laws of the Tribe.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also 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 Security Instrument. Borrower will continue to be obligated under the Note and the Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by the Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Security Instrument without further notice or demand on Borrower; provided, however, Lender's right to invoke any remedies under the Security Instrument after the expiration of this period shall be subject to the right of first refusal to acquire the Property as described in the Security Instrument.]

[NOTE: FOR VA LOANS ADD THE FOLLOWING PROVISIONS:

The Note and Security Instrument are subject to Title 38, United States Code.

If this loan is guaranteed by the Secretary of Veterans Affairs ("VA"), any transfer of the Property by the Borrower must be approved by VA or its authorized agent unless the loan is being repaid in full, as required by this section.

**THIS LOAN MAY NOT BE
ASSUMED WITHOUT THE PRIOR
APPROVAL OF THE
DEPARTMENT OF VETERANS
AFFAIRS OR ITS AUTHORIZED
AGENT, SUCCESSORS
OR ASSIGNS.**

This loan may be declared immediately due and payable upon transfer of the property securing such loan to any transferee, unless the acceptability of the assumption of the loan is established either pursuant to the provisions of section 3714 of chapter 37, title 38, United States Code, or by the loan holder if the loan has been sold without recourse.

A fee equal to one-half of 1 percent of the balance of this loan as of the date of transfer of the property shall be payable to the Department of Veterans Affairs at the time of transfer. If the assumer fails to pay this fee at the time of transfer, the fee shall constitute an additional debt to that already secured by this instrument and shall bear interest at the rate herein provided, and, at the option of the payee of the indebtedness hereby secured or any transferee hereof, the full indebtedness shall be immediately due and payable. This fee is automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 3729(c). The assumer is not obligated to pay this fee if the Department of Veterans Affairs has sold this loan without recourse.

Upon application for approval to allow assumption of this loan, a processing fee may be charged by the Department of Veterans Affairs or its successors or assigns for determining the creditworthiness of the assumer and subsequently revising the ownership records when an approved transfer is completed. The amount of this charge shall not exceed \$300.]

[NOTE: FOR HUD LOANS ADD THE FOLLOWING PROVISION:

If this loan is guaranteed by the Secretary of Housing and Urban Development ("HUD"), any transfer of the Property by the Borrower must be approved by HUD or its authorized agent unless the loan is being repaid in full, as required by this section.]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Addendum.

_____ (SEAL)
-Borrower

_____ (SEAL)
-Borrower

CERTIFICATE OF APPROVAL

The foregoing Note and Addendum are hereby approved on behalf of the Secretary of the Interior. Approval of the Note and the Addendum shall not be construed to be an agreement or assurance that the Property subject to the Security Instrument will remain in a trust or restricted status during the period of the Security Instrument.

Date: _____

Authorized Representative