[For use with the applicable Single Family – Fannie Mae/Freddie Mac UNIFORM INSTRUMENT for conventional mortgage loans secured by Leaseholds on Trust Land or Restricted Land. May adjust formatting for recording.]

**Exhibit 4**

**FANNIE MAE NATIVE AMERICAN HOUSING**

**SECURITY INSTRUMENT RIDER FOR LEASEHOLDS**

**The Security Instrument, as amended by this Rider, encumbers your leasehold interest on Trust Land or Restricted Land which is under the jurisdiction of the federally recognized Indian tribe defined below. The Security Instrument secures to the Lender the repayment of a conventional mortgage loan (i.e., a loan not made, insured, or guaranteed by a Federal Agency) (the “Loan”) and the performance of your agreements under the Security Instrument.**

**Your leasehold interest is described in a residential ground lease between the Tribe (or its designee), as lessor, and you, as lessee. During the term of your residential ground lease, you have a leasehold interest in the land together with all improvements. Generally, upon the expiration of the term of a ground lease, the land and improvements revert back to the lessor. However, upon the expiration of the term of your residential ground lease, you may be entitled to certain use rights in the land and improvements which may entitle you to continue to use and occupy the land if you are qualified for continuing use under the laws of the Tribe (“Tribal Law”).**

THIS FANNIE MAE NATIVE AMERICAN HOUSING SECURITY INSTRUMENT RIDER FOR LEASEHOLDS (this “**Rider**”) is made this \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_, and is incorporated into and amends and supplements the mortgage, deed of trust, or security deed (the “**Security Instrument**”) of the same date given by the undersigned (the “**Borrower**”) to secure the repayment of the Loan to finance the purchase or refinancing of a leasehold interest together with any improvements (the “**Property**”) as evidenced by Borrower’s Note and Addendum to Fixed-Rate Note (Native American Housing) of the same date (together, the “**Note**”) to the Lender and covering the Property described in the Security Instrument (the “**Ground Leasehold Estate**”), as approved by the Secretary of the Interior (the “**Secretary**”). Capitalized words in this Rider have the definitions given in the Security Instrument except as defined in this Rider.

The Ground Leasehold Estate is within the jurisdiction of the [*insert* Name of Tribe] (the “**Tribe**”).

The interest of Borrower in the Ground Leasehold Estate is created by a residential ground lease between Borrower, as **Lessee**, and the Tribe (or its designee), as **Lessor,** dated [*insert* date], (as amended to date, the “**Ground Lease**”) as approved by the Secretary, if required.

**ADDITIONAL COVENANTS.** Notwithstanding anything to the contrary in the Security Instrument, and in addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further agrees as follows:

1. Ground Lease Termination; Modification; or Forfeiture. Borrower must not attempt to terminate, modify, amend, cancel, surrender, or forfeit the Ground Lease, whether by Default or otherwise, during any initial or renewal term if the Ground Leasehold Estate is subject to the Security Instrument, without the prior written consent of Lender and Secretary, if required.
2. Ground Lease Default. A Default under the Ground Lease constitutes a Default under the Security Instrument. Upon the occurrence of a Default under the Ground Lease, Lender has the right to postpone and extend the specified date for the termination of the Ground Lease for a period sufficient to enable Lender to acquire Borrower’s Ground Leasehold Estate by foreclosure or assignment in lieu of foreclosure.
3. Ground Lease Assignment. Borrower must not assign the Ground Leasehold Estate without the prior written consent of Lender. Upon the occurrence of a Default under the Security Instrument, and upon the request of the Lender, Borrower shall assign to Lender, by written instrument satisfactory to Lender, the Ground Leasehold Estate or deliver possession of the Ground Leasehold Estate and any improvements to Lender, without the prior written consent of the Lessor or the Secretary.

Nothing in the Ground Lease prevents Lender from foreclosing or commencing other appropriate proceedings (including assignment of the Ground Leasehold Estate in lieu of foreclosure) in the event of Default under the Security Instrument, without consent of the Lessor or the Secretary.

1. Right of First Refusal. Subsequent to Borrower’s Default under the Security Instrument or this Rider, and upon the expiration of any applicable cure period provided Borrower under the Non-Uniform Covenants of the Security Instrument, the Lessor (or its designee) has the right of first refusal to acquire Borrower’s Ground Leasehold Estate (subject to all valid liens and encumbrances) upon either (i) payment in full of all sums secured by the Security Instrument or (ii) assumption of the Loan and execution of an assumption agreement acceptable to Lender.

Lessor must exercise its right of first refusal by providing written notice to Borrower and Lender no later than [thirty (30)] days after the date of Lender’s written notice to Lessor of Borrower’s failure to cure the Default in accordance with the terms of Lender’s acceleration notice to Borrower under the Non-Uniform Covenants of the Security Instrument requiring Borrower to pay all sums secured by the Security Instrument. Lender shall provide such notice to Lessor before invoking any other remedies under the Security Instrument, this Rider, or by Tribal Law.

Lessor’s right of first refusal pursuant to an assumption of the Loan must be exercised solely for the purpose of providing a principal residence on the Ground Leasehold Estate for eligible transferees in accordance with Tribal Law. Lessor’s right of first refusal is subject to any right Borrower may have under the Security Instrument or Tribal Law to reinstate the Loan after acceleration and to bring a court action to deny the existence of a Default or to assert any other defense of Borrower to acceleration and sale.

The estate acquired by Lessor’s exercise of the right of first refusal will not merge with any other estate or title held by the Lessor as long as the Ground Leasehold Estate and any improvements, or any interest therein, is subject to the Security Instrument, and the Ground Leasehold Estate shall remain subject to the Security Instrument.

1. Acceleration; Remedies. If Lender acquires Borrower’s Ground Leasehold Estate by foreclosure of the Security Instrument or assignment in lieu of foreclosure (which does not require consent of the Lessor or the Secretary), then:

(a) Lender will provide written notice to the Lessor of the availability of the Ground Leasehold Estate for sale, the sales price, and any other terms of sale;

**(b)** If a purchaser is found within thirty (30) days of such foreclosure or assignment in lieu of foreclosure, then upon completion of the sale upon terms satisfactory to Lender, the Ground Leasehold Estate will be assigned by Lender to the purchaser with approval of the Secretary, if required, which approval shall not be unreasonably withheld. Such purchaser shall be bound by the terms of the Ground Lease and shall assume in writing all the obligations thereunder. The Lender is authorized to sell the Ground Leasehold Estate and any improvements 1) to any Native American Member of the Tribe without consent of the Lessor or 2) to any other person with consent of the Lessor; and

**(c)** If a purchaser is not found within thirty (30) days of such foreclosure or assignment in lieu of foreclosure, Lender is entitled to sublease the Ground Leasehold Estate an unlimited number of times, for a term of one (1) year or less, with approval of the Secretary, if required. Such sublessee must agree in writing to be bound by the terms and conditions of the Ground Lease. The Lessor is not entitled to approve any such sublease, and the Lessor shall not impose any qualifying criteria on any sublessee, except as related to Tribal Law requirements that limit occupancy of Trust Land or Restricted Land to a Native American Member of either the Tribe or any federally recognized Indian tribe.

Where the Ground Leasehold Estate has been subleased as provided in this paragraph (c), any subsequent purchaser must wait until the expiration of any existing sublease period before occupying the Ground Leasehold Estate. There may be no termination, modification, amendment, cancellation, surrender, or forfeiture of any sublease, or prepayment of rent, without Lender’s prior written consent. Upon foreclosure or assignment in lieu of foreclosure, all sublessees shall attorn to Lender.

[**Optional: (d) Redemption Period.** The Borrower’s redemption period shall be [\_\_\_\_\_\_\_\_\_] days.]

1. Governing Law; Severability; Rules of Construction. The Security Instrument and this Rider are governed by federal law and the laws of the Tribe (“Tribal Law”), except to the extent that Tribal Law is silent or nonexistent, in which case the laws of the state in which the Property is located apply. Borrower consents to the personal jurisdiction of the Tribe’s Tribal Court and any other court of competent jurisdiction designated by the Tribe for all claims and demands related to or arising out of the Security Instrument and this Rider.

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

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (SEAL)

-Borrower

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (SEAL)

-Borrower

CERTIFICATE OF APPROVAL

The foregoing Security Instrument and this Rider are hereby approved on behalf of the Secretary of the Interior, but such approval shall not be construed to be an agreement or assurance that the land covered by the Security Instrument and this Rider will remain in a trust or restricted status during the period of the Security Instrument and this Rider.

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

Authorized Representative

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