Servicer Loan # _____

MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD (THE "ISSUER")
SINGLE FAMILY MORTGAGE REVENUE BONDS
(GNMA AND FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM - CITYLIVING HOME PROGRAMS) SERIES 2004B-7

NOTICES TO BUYERS

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 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 Issuer, 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 Issuer, otherwise, you must pay your loan in full or the Issuer 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, the Servicer and/or the Issuer (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 Servicer 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, or a private mortgage insurer (as applicable). If the Servicer files an insurance claim against HUD, VA, or the private mortgage insurer (as applicable) because of the foreclosure, HUD, VA, or the private mortgage insurer (as applicable) may then bring an action against you to collect the judgment.

DISCLOSURE OF MORTGAGOR INFORMATION

The Mortgagor(s) hereby consent and agree that all information furnished by the Mortgagor(s) to the participating Lender, the Servicer, the Administrator and the Issuer, including but not limited to, non public personal and financial information (the "Information"), in connection with the application for mortgage loan(s) under this program, may be disclosed to any person or other third parties in connection with the processing of the Mortgagor(s) loan application, verification of information concerning the loan or the Mortgagor(s), and for any other purpose in furtherance of or connected with the Issuer's program. Mortgagor(s) hereby irrevocably waive any rights to a privacy notice, confidentiality, or to any "opt out" procedures of the participating Lender, the Servicer, the Administrator or the Issuer, under all applicable privacy laws, including but not limited to the Gramm-Leach-Billey Act of 1999 (the "GLB Act") and related rules (12 CFR 40.1 et seq.), as amended from time to time. Mortgagor(s) understand and acknowledge that the participating Lender, the Servicer, the Administrator, the Issuer, and the third parties to whom said Information may be disclosed may not be under any obligation to keep the Information secure or confidential. Mortgagor(s) hereby agree to hold the participating Lender, the Servicer, the Administrator, the Issuer, and their respective agents, employees, and attorneys, harmless from any liability or responsibility of any kind whatsoever in connection with the receipt and use of the Mortgagor(s) Information, including, but not limited to, the submission of Mortgagor(s) Information to third parties.

BORROWER AUTHORIZATION FOR COUNSELING

The Mortgagor(s) consent and agree that if they fail to make any monthly mortgage payment as agreed that the Servicer may refer them to a third-party counseling organization or a mortgage insurer that will provide advice about finding ways to meet the mortgage obligation. The Mortgagor(s) authorize the Servicer to release certain information related to the Servicer's own experience with them to such third-party counseling organization or mortgage insurer, and request that the counseling party contact them.

The Mortgagor(s)hereby authorize the third-party counseling organization or mortgage insurer to make a recommendation about appropriate action to take with regard to their mortgage loan, which may assist the Servicer in determining whether to restructure the loan or to offer other extraordinary services that could preserve their long-term home ownership

Date_____

_____ _____

SIGNATURE OF MORTGAGOR SIGNATURE OF COMORTGAGOR

COMPLETED AT APPLICATION; ORIGINAL IN COMPLIANCE FILE; COPIES: ONE TO MORTGAGOR AND ONE TO LENDER; ATTACH RECAPTURE BROCHURE TO MORTGAGOR'S COPY