

**MISSISSIPPI HOME CORPORATION
P O BOX 23369
JACKSON, MISSISSIPPI 39225-3369**

RESERVATION FEE DISCLOSURE

In order to participate with the Mississippi Home Corporation's (MHC) Mortgage Revenue Bond Program (the "MRB program"), the Borrower (s) are required to pay a NON-REFUNDABLE Reservation fee to access the MRB program. The participating Lender must submit the fee along with additional documentation within three (3) business days from the date of reserving the bond loan with MHC.

POSSIBLE CASH ADVANCE TAX CONSEQUENCES
READ CAREFULLY BEFORE SIGNING

In the event you are receiving a Premium Cash Advance from MHC, and your MRB reservation is approved, the Mississippi Home Corporation will be paying certain buyer paid fees and expenses connected with the mortgage loan. These fees and expenses include, if applicable, the origination fee and a portion of the down payment and additional closing costs associated with your mortgage loan (with the exception of pre-paid items). Although the payment of these fees will reduce your initial financial burden, it may also have other consequences, possibly adverse, for purposes of federal income taxation. MHC urges you to contact your local tax advisor to determine the appropriate method of treatment of the fees and expenses paid on your behalf.

The reason for the possible tax consequences is that the payment of the fees and expenses paid by MHC may be viewed by the Internal Revenue Service (IRS) as a "deemed" payment of money from MHC to you, with a corresponding "deemed" payment by you for the fees and expenses that MHC has actually paid in connection with your mortgage loan.

EXAMPLE: Assume that you receive a loan in a principal amount of \$50,000, and that MHC paid \$500 for the origination fee and \$1,000 towards down payment and closing costs to the closing attorney, who applied the Cash Advance towards the payment of costs. The IRS may view this as your having received \$51,500, while you are only liable to repay \$50,000. The additional \$1,500 "deemed" received by you could be viewed by the IRS as having a federal income tax consequence because you are obligated to repay an amount that is less than the amount you have initially been "deemed" to have received.

Two consequences may result from the additional amounts you have "received" for federal income tax purposes, as follows:

(1) You may be required to include the entire amount paid by MHC on your loan as additional gross income in the tax year you receive the mortgage loan. In the example above, this would mean that your gross income for the year in which you receive your mortgage loan would be increased by \$1,500.

(2) Instead of including the additional amount in your income for one year, you may be allowed to spread the additional amount out over the life of the mortgage loan, and apply a proportionate amount of such payment against the amount of mortgage interest that you could otherwise deduct from your income tax liability each year during the life of the mortgage loan. In the example above, that would mean that a portion of the \$1,500 would be used to reduce the amount of the mortgage interest that you could deduct from your income tax liability each year during the life of the loan.

MHC does not know what position the IRS will take on the tax treatment of monies advanced to you by us. We believe that the two treatments identified above are the most likely; however, there may be other possible characterizations as well.

THE MISSISSIPPI HOME CORPORATION DOES NOT, HOWEVER, DISPENSE TAX ADVICE AND ASSUMES NO LIABILITY FOR ANY SUCH TAX CONSEQUENCES. MHC STRONGLY URGES YOU TO CONTACT YOUR LOCAL TAX ADVISOR TO DETERMINE HOW YOU SHOULD TREAT THE FEES AND EXPENSES THAT MHC HAS PAID IN CONNECTION WITH YOUR MORTGAGE LOAN.

I/We, _____ have read and understand the possible tax consequences involved with the premium cash advance received to pay expenses involved with my/our Mortgage Revenue Bond loan.

Borrower

Date

Co-Borrower

Date