

D. TRANSFER OF PROPERTY OR BENEFICIAL INTEREST IN BORROWER; ASSUMPTION

Uniform Covenant 19 of the Security Agreement is hereby amended to read as follows:

If all or any part of the Property, or any interest therein is sold or transferred (or if a beneficial interest in Borrower is sold or transferred if Borrower is not a natural person) without Lender's prior written consent (excluding (a) the creation of a mortgage or lien subordinate to the lien of this Mortgage, (b) the grant of any leasehold interest of three years or less not containing an option to purchase, (c) the creation of purchase-money security interests in household appliances, (d) transfers arising by virtue of devise, descent, operation of law, death or divorce, and (e) transfer to a trust when the Borrower remains a beneficiary and which does not transfer the Borrower's rights of occupancy) then Lender may, at Lender's option, declare all sums secured by this Mortgage to be immediately due and payable by the Borrower executing this Mortgage, except that prior to the conversion of this Mortgage to a Fixed Rate, Fixed Term Mortgage, the Lender will not exercise its right to declare all such sums immediately due and payable by the Borrower executing this Mortgage, provided (a) that the Borrower is not then in default under this Note and the Mortgage given to secure same and (b) the person to whom the Property is to be sold and transferred: (i) executes a written assumption agreement satisfactory to and accepted in writing by Lender, in which event the Lender shall release Borrower from all obligations under this Mortgage and the Note and (ii) has credit satisfactory to Lender, and (iii) agrees in writing as a condition to the Note Holder waiving its right to accelerate that the loan terms, including the interest payable on the sums secured by the Mortgage, the margin for future interest rate changes, and the interest rate change cap of 3.00 % for the first Change Date and beginning with the second Change Date a change cap of 2.00 % shall be subject to modification at the sole discretion of the Note Holder. In the event of the transfer or sale by the Borrower executing this Mortgage, Lender's right to make such declaration in all other instances shall be at the Lender's sole discretion.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 8 of the Note. Such notice shall provide a period of not less than 30 days from the date the notice is mailed with which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 8 of the Note.

Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and this Security Instrument unless Lender has released Borrower in writing.

33. E. Legislation

An additional non-uniform Covenant 33 of the Security Instrument is added and it reads as follows:

Legislation. If after the date hereof, enactment of or expiration of applicable laws have the effect either of rendering the provisions of the Note, the Security Instrument, or this Adjustable Rate Rider other than this paragraph E unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the Security Instrument and this Adjustable Rate Rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Security Instrument to be immediately due and payable.

34. F. CONVERSION OPTION

(A) Provided Borrower is current with respect to all payments due on this Note for twelve months prior to the date the first, second, or third "Notice of Payment/Interest Rate Adjustment" pursuant to Section 4(E) above is prepared, Borrower may, at Borrower's option, modify the repayment terms of the Indebtedness evidenced hereby on the first, second, or third Change Date. At that time, Borrower may convert the adjustable rate loan evidenced by this Note into a fixed interest rate, fixed payment, fixed term loan to be fully repaid in equal monthly payments of principal and interest over the remaining term of this loan (i.e., 29, 28, 27 years, depending on the conversion date selected).

(B) Note Holder's "Notice of Payment/Interest Rate Adjustment" to Borrower given prior to the first, second, or third Change Date shall contain the following information pertaining to Borrower's option to convert:

- i) The approximate fixed interest rate payable by Borrower if Borrower converts into a fixed interest rate loan (the actual rate will be the rate in effect on the date the Notice of Intent to Convert is received by the Lender) and
- ii) The approximate amount of Borrower's new monthly payment at the fixed rate of interest; and
- iii) A date, at least 15 days from the date the notice is given, by which Borrower must provide Lender a Notice of Intent to exercise Borrower's option to convert by returning the appropriate form to be provided by Note Holder concurrently with the Notice of Payment/Interest Rate Adjustment.

(C) The fixed rate of interest payable by Borrower will be established and determined as the Federal National Mortgage Association's (FNMA) sixty (60) day mandatory delivery rate as published by FNMA on the date the Notice of Intent is received by Note Holder. The new fixed interest rate will become effective on the applicable Change Date. Borrower's monthly payments at the new fixed interest rate will begin as of the first monthly payment after the applicable Change Date. The monthly payment will be the amount that is necessary to repay in full the principal Borrower will owe (assuming timely payment of all amounts due prior to that date) on that Change Date in substantially equal payments by the Maturity Date at the fixed interest rate.

(D) Borrower must provide Note Holder Notice of Intent to Convert, pay any applicable fees and must complete, execute and deliver to Note Holder the document evidencing the modification of the Note prior to the applicable dates set forth in Note Holder's "Notice of Payment/Interest Rate Adjustment" as provided in Section 5(B) of the Note. If Borrower fails to do so within the specified time frames or if Borrower is not then current with respect to all payments due on the Note, Borrower can no longer exercise the option to convert. In that case, the terms of the Note will continue in effect without any change.

(E) Upon Borrower's timely delivery to Note Holder of the executed modification to the Note, Section 4 of the Note shall cease to be effective.

IN WITNESS WHEREOF, the Borrower has executed this document the date first above written.

Jeff I Cudd (Seal)
JEFF I CUDDD —Borrower

Revonda J. Cudd (Seal)
REVONDA J. CUDD —Borrower

____ (Seal)
—Borrower

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