

- (ii) Note Holder's "Notice of Periodic Adjustment" to Borrower pursuant to paragraph 4(a) of the Note given prior to the first, second, third, or fourth Change Date shall contain the following information pertaining to Borrower's option to convert:
- (a) 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 conversion is registered);
  - (b) the approximate amount of Borrower's new monthly payment at the fixed rate of interest; and
  - (c) a date, at least 15 days from the date the Notice is given, by which Borrower must "lock in" an interest rate by telephoning a number provided and registering the conversion with the Note Holder, and a subsequent date (no later than the applicable Change Date) by which the Borrower must complete, execute and deliver to Note Holder a document in the form required by Note Holder evidencing the modification of the Note to provide a fixed interest rate.
- (iii) The fixed rate of interest payable by Borrower will be identical to Residential Funding Corporation's market rate for 45 day registration of 30 year fixed rate, level payment, fully amortized loans on the date the conversion is registered. 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 the Change Date in substantially equal payments by the maturity date set forth in the Note at the fixed interest rate.
- (iv) Borrower must register the loan for conversion 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 Periodic Adjustment as provided above. If Borrower fails to do so within the specified time frames, Borrower can no longer exercise the option to convert and in this case, the terms of the Note will continue in effect without any change.
  - (v) Upon Borrower's timely delivery of the executed modification to the Note, paragraph A above shall cease to be effective.

#### D. TRANSFER OF THE PROPERTY

Paragraph 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or an interest therein is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Note Holder's prior written consent, Note Holder may, at Note Holder's option, declare all the sums secured by this Security Instrument to be immediately due and payable. However, this option shall not be exercised by Note Holder if exercise is not authorized by Federal Law.

If Note Holder exercises such option to accelerate, Note Holder shall mail Borrower notice of acceleration. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Note Holder may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

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