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RESIDENTIAL ADJUSTABLE RATE RIDER (NO NEGATIVE AMORTIZATION) (WITH CONVERSION OPTION)

This ADJUSTABLE RATE RIDER is made this 18 day of May, 19 84, and is incorporated into and shall be deemed to amend and supplement the Mortgage, ("Mortgage") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note to SECURITY FEDERAL SAVINGS AND LOAN ASSOCIATION OF SOUTH CAROLINA (the "Lender") of the same date (the "Note") and covering the property described in the Mortgage and located at:

31 Cammer Avenue

(Property Address)

The Note Contains Provisions Allowing for Changes in the Interest Rate, corresponding changes in the monthly payment, a Maximum and a Minimum Interest Rate, and Interest Rate Adjustment Caps.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Mortgage, Borrower and Lender further covenant and agree as follows:

A. An additional non-uniform Covenant 32 is added and it shall read as follows:

32. Interest Rate and Monthly Payment Changes

The Note provides for an Initial Rate of Interest of 10.25%. Section 4 of the Note provides for changes in the interest rate and the monthly payment, as follows:

(a) CHANGE DATES

The rate of interest I pay may change on the 1st day of June, 19 85, and on that day of every twelfth month thereafter. Each date on which the rate of interest could change is called a "Change Date." Any corresponding change in the monthly Payment will occur on the first day of the month following each "Change Date."

(b) The Index

Any changes in the rate of interest will be based on changes in the Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year as made available by the Federal Reserve Board and published at least monthly in the Federal Reserve Press Release Number G-13, which may be obtained by writing to the Board of Governors of the Federal Reserve System, Publication Services, Washington, D.C. 20551. If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

The first Index figure for this Note is 10.76%. It is called the "Original Index."

The most recent Index figure published as of the date 45 days before each Change Date is called the "Current Index."

(c) Calculation of Change

Before each Change Date, the Note Holder will calculate my new rate of interest by adding 2.25 percentage points (2.25%) ("margin") to the current Index, provided that the change does not raise the interest rate above the maximum interest rate or lower the interest rate below the minimum interest rate as set out in Section 2 of this Note. Provided that the interest rate on the first Change Date will not be more than 3.00% percentage points above or below the initial interest rate and further provided that beginning with the second Change Date and continuing at each subsequent Change Date, no single change in the interest rate will increase or decrease more than 2.00% percentage points above or below the previous rate. The sum, as computed above, and subject to the above limits, will be my new interest rate. The Note Holder will then determine the amount of the new monthly principal and interest payment that would be sufficient to repay in full the outstanding principal balance I am expected to owe on the Change Date at my new rate of interest in substantially equal payments by the maturity date. The result of this calculation will be the amount of my new monthly principal and interest payment.

(d) Effective Date of Change

The new rate of interest will become effective on each Change Date. Beginning the first day of the month following the Change Date, I will pay the amount of my new monthly payment each month until the amount of my monthly payment is again changed or I have fully repaid the loan.

(e) Notice of Payment/Interest Rate Adjustments

The Note Holder will mail or deliver to me a notice of any changes in the interest rate and, correspondingly, in the monthly principal and interest payment amount, at least 30 days before it becomes effective. Any adjustment in the rate will be based on the most recent Index figure published as of the date forty-five (45) days before each Change Date.

Our Notification Will Include:

- (1) The date your loan payment is scheduled to be adjusted.
- (2) The outstanding balance of your loan on the adjustment date, assuming timely payment of the remaining payments due by that date and assuming that all funds have been disbursed to you.
- (3) The adjusted interest rate on your loan as of the review date, the Index rate on which that interest adjustment is based, the period of time for which that interest rate will be in effect, and the next following payment adjustment date.
- (4) The new monthly payment amount as of the payment adjustment date.
- (5) The fact that you may pay off the entire loan or a part of it without penalty at any time.
- (6) The title and telephone number of an Association employee who can answer questions about the notice.

B. CHARGES; LIENS

Uniform Covenant 4 of the Mortgage is amended to read as follows:

4. Charges; Liens. Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof, or if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payments directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Mortgage; provided, that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in, legal proceedings which in the opinion of Lender operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof; or (c) shall secure from the holder of such lien an agreement in a form satisfactory to the Lender subordinating such lien to this Mortgage. If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Mortgage, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten days of the giving of that notice.

C. No Books and Records Requirement

Uniform Covenant 10 of the Security Agreement is deleted.