

(B) The Index

Beginning with the first Interest Change Date, my interest rate will be based on an 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. The Index figure for the week before the week in which each Interest Change Date falls is called the "Current Index."

If the Index is no longer available, the Note Holder will have the right to choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Interest Change Date, the Note Holder will calculate my new interest rate by adding TWO & ONE QUARTER percentage points (2.25%) to the Current Index. The result of this addition will be my new interest rate until the next Interest Change Date; provided, however, that the maximum interest rate increase taking effect in the twelve months following the first Interest Change Date, or in each consecutive twelve month period thereafter, shall be two percentage points over the rate in effect at the beginning of such twelve month period; and provided further, that the interest rate shall in no event be increased to more than five percentage points above the rate in effect on and after the first Interest Change Date.

Before each Payment Change Date, the Note Holder will determine the amount of the monthly payments that would be sufficient to repay the principal I am expected to owe at such Payment Change Date, in full, with interest, on the maturity date, at the interest rate in effect on the date the notice of payment change is sent to me.

(D) Effective Date of Changes

My new interest rate will become effective on each Interest Change Date. I will pay the amount of my new monthly payments beginning on each Payment Change Date and continuing until the amount of my monthly payment changes again.

(E) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in the amount of my monthly payment before the effective date of any change. This notice will be sent at the time required by law and will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial prepayment will reduce the amount of my monthly payments after the first Payment Change Date following my partial prepayment. However, any reduction due to my partial prepayment may be offset by an interest rate increase.

6. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.