

D. Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

E. Notice of Periodic Adjustment

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment ("Notice of Periodic Adjustment") before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any questions I may have regarding the notice. If I may convert my loan as provided in Section 5 of this Note, the notice will also include the following information:

- (i) the approximate fixed interest rate payable by me if I convert to a fixed interest rate loan (the actual rate will be the rate in effect on the date that I register the conversion with the Note Holder);
- (ii) the approximate amount of my new monthly payment at the fixed rate of interest;
- (iii) a date, at least 15 days from the date the notice is given, by which I must "lock in" an interest rate by written letter with the Note Holder, and a subsequent date (not later than the applicable Change Date) by which I must complete, execute and deliver to the Note Holder a document in the form required by the Note Holder evidencing the modification of the Note to provide a fixed interest rate;
- (iv) the amount of premium for increased private mortgage insurance, if any, which I will be required to pay in order to convert; and
- (v) the amount of one (1) percentage point of the unpaid principal as a charge by the Note Holder for conversion to a fixed rate mortgage.

B. CONVERSION TO FIXED INTEREST RATE

The Note also provides me with an option to convert the adjustable rate loan into a fixed interest rate loan as follows:

5. CONVERSION TO FIXED INTEREST RATE

A. My Option to Convert

Provided I am current with respect to all payments due on this Note each month for twelve months prior to the date the first, second, third or fourth "Notice of Periodic Adjustment" is prepared, I may, at my option, modify the repayment terms of this loan on the first, second, third or fourth Change Date. At that time, I may convert this adjustable rate loan into a fixed interest rate 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 or 26 years, depending on the conversion date selected).

B. My Fixed Rate of Interest and Monthly Payments

If I choose to convert to fixed interest rate, the Note Holder will set the fixed rate of interest that I will pay at a rate based on the Federal Home Loan Mortgage Corporation sixty-day, thirty year fixed rate plus one-half (.05) percentage point for servicing, 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.

My 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 I 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.