

the Lender may require that a qualified real estate appraiser, chosen by the Lender, prepare an appraisal report on the value of the secured property. I will pay the Lender a reasonable fee for this appraisal report. If my unpaid principal balance may be an amount greater than 95% of the value of the property securing my loan, as established by the appraisal report, I will not have the conversion option unless I pay the Lender an amount sufficient to reduce my unpaid principal balance to that amount.

2. In order to exercise my option to convert my loan to a fixed rate loan, the following conditions must be satisfied: (a) I must occupy the property as my principal residence, (b) principal and interest payments must be current at the time of conversion, and no payments are to have been more than 15 days late during the previous two years; (c) all real property taxes and assessments must be paid current; (d) my property must be properly insured; (e) no debt or obligation secured by my home will be senior to Lender's deed of trust or mortgage; and (f) I must qualify under Lender's customary underwriting standards for my new payment amount with the Lender.

(C) DETERMINATION OF NEW PAYMENT AMOUNT

If I choose the Conversion Option, the Lender will determine the amount of a monthly payment that would be sufficient to repay the unpaid principal balance I am expected to owe on the Effective Conversion Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Effective Conversion Date, I will pay the new amount as my monthly payment, and the interest rate I pay will not change from the fixed rate established as of the Effective Conversion Date.

(D) TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

If I choose the Conversion Option and thereafter all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without the Lender's prior written consent, the Lender may, at its option, require immediate payment in full of all amounts I owe under this Note. However, this option shall not be exercised by the Lender if exercise is prohibited by federal law as of the date of this Note.

If the Lender exercises this option, the Lender shall give me notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which I must pay all amounts that I owe.

(E) NOTICE BY LENDER

Before the date of my first monthly payment after the Effective Conversion Date, the Lender will mail or deliver to me: a notice of my new interest rate as of the Effective Conversion Date; the amount of my new monthly payment; the amount of the conversion fee; and a date (not later than 15 days from the date the Lender gives me the notice) by which I must sign and give the Lender a document making the changes to the Note that are necessary to provide the new fixed interest rate. The notice will include all 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.