

- (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 the date) on the Change Date in substantially equal payments by the maturity date set forth in the Note at the fixed interest rate.

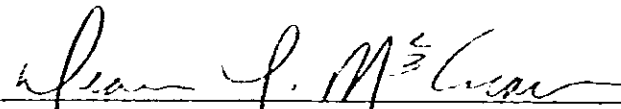
- (iv) Borrower must register the loan for conversion and must complete, execute and deliver to Lender the document evidencing the modification of the Note prior to the applicable dates set forth in Lender's Notice of Periodic Adjustment as provided above. If Borrower fails to do so within the specified 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:

If all or any part of the Property or any interest therein is sold or transferred by Borrower without the Lender's prior written consent including a Contract for Deed sale, but excluding (a) the creation of a lien or encumbrance subordinate to the Security Instrument, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, the Lender may, at the Lender's option, declare all the sums evidenced by the Note and secured by this Security Instrument to be immediately due and payable. If the Lender exercises its option to accelerate under this paragraph, the Lender shall mail Borrower notice of acceleration in accordance with this Security Instrument. 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, the Lender may, without further notice or demand on Borrower, invoke any remedies permitted by the Note and this Security Instrument. The Lender shall have waived such option to accelerate if, prior to the sale or transfer, the Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to the Lender. As a condition to waiving the Lender's right to accelerate, the loan terms, including the interest rate payable on the Note, the Margin for future interest rate changes (as that term is defined in the Note), and the maximum interest rate Cap of 5.75% above or below the initial interest rate shall be subject to modification by the Lender. If the Lender has waived the option to accelerate provided in this paragraph, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by the Lender, the Lender shall release Borrower from all obligations under this Security Instrument and the Note.

By signing this, Borrower agrees to all of the above.

  
Borrower Deaver D. McCraw

  
Borrower Martha R. McCraw