

**(B) Full Payment**

I will pay the Full Payment as my monthly payment beginning with my 61st payment unless the amount of my monthly payment is limited as permitted by Section 5(C) below but the amount of my monthly payment will not be limited after the final Interest Change Date.

**(C) Limited Monthly Payment**

Unless Sections 5(B) above and 5(E) below will not permit it, beginning with my 61st payment the amount of my new monthly payment following an Interest Change Date will be limited to the amount I have been paying multiplied by the number 1.075. This amount is called the "Limited Payment." The Noteholder will automatically choose for me a Limited Payment, but I may choose to make a Full Payment instead.

**(D) Additions to My Unpaid Principal**

My monthly payment could be less than the amount of the interest portion of the monthly payment that would be sufficient to repay the unpaid principal I owe at the monthly payment date in full on the maturity date in substantially equal payments. If so, each month that the amount of my monthly payment is less than the interest portion, the Note Holder will subtract the amount of my monthly payment from the amount of the interest portion and will add the difference to my unpaid principal. The Note Holder will also add interest on the amount of the difference to my unpaid principal each month. The interest rate on the interest added to principal will be the rate required by Section 2 or 4 above.

**(E) Limit on My Unpaid Principal; Increased Monthly Payment**

My unpaid principal can never exceed a maximum amount equal to one hundred twenty-five percent (125%) of the principal amount I originally borrowed. My paying less than a Full Payment for the first 60 payments or my paying a Limited Payment calculated under Section 5(C) above could cause my unpaid principal balance to exceed that maximum amount. If the Lender determines that the unpaid principal balance of my loan as of any Interest Change Date plus the amount of negative amortization that would occur prior to the next subsequent Interest Change Date would cause my unpaid principal balance to exceed that maximum amount, my new monthly payment will be in an amount which would be sufficient to prevent my unpaid principal balance from exceeding the one hundred twenty-five percent (125%) limit.

**6. NOTICE OF CHANGES**

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 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. The notice will also include the amount of a Limited Payment. If I may convert my loan as provided in section 7 of this Note, the notice will also include the following information:

- (i) the fixed interest rate I will pay if I choose to convert my loan into a fixed interest rate loan;
- (ii) the amount of my new monthly payment at the fixed rate of interest; and
- (iii) a date, not more than 15 days from the date the notice is given, by which I must execute and deliver to Lender a document in the form that Lender may require evidencing the modification of the Note to provide for a fixed interest rate.

**7. CONVERSION TO FIXED INTEREST RATE****(A) My Option to Convert**

On the 3rd Interest Change Date, I may convert the adjustable rate loan evidenced by this Note into a fixed interest rate loan to be fully repaid in substantially equal monthly payments of principal and interest over the remaining term of the loan. This is called my "Conversion Option" and the date as of which my Conversion Option is to be effective is called the "Conversion Date". **This is the only time that I may convert my adjustable rate payments.** I will not have a Conversion Option if my loan is delinquent or if my loan has been delinquent more than one time in the previous twelve months.

**(B) My Fixed Rate of Interest**

If I choose to convert to a fixed interest rate, the Note Holder will set the fixed rate of interest that I will pay at a rate equal to (a) the sum of (i) the Federal National Mortgage Association's published required Net Yield for 30-year, fixed rate mortgages covered by 30-day mandatory commitments that were in effect 45 days prior to the Conversion Date, plus (ii) seven-eighths of one percentage point (0.875%) and (b) rounded up to the nearest one eighth of one percent (0.125%). If no such required Net Yield is available, the Note Holder will determine the fixed interest rate by using a comparable figure. The new fixed interest rate will become effective on the Conversion Date.

**(C) How to Convert**

If I choose to convert, I will be required to sign and deliver to the Note Holder the document evidencing the modification of the Note within the period set in the Note Holder's notice as provided in Section 6 above. If I do not do this within the specified period, I will not have an option to convert. In that case, the interest rate that I will pay will continue to adjust in accordance with Section 4.

I will pay the Lender a conversion fee equal to one percent (1%) of unpaid principal as of the Conversion Date plus U.S. \$ 50.00. I will pay the conversion fee on or before the date of my first monthly payment after the Conversion Date.

**(D) Required Principal Balance**

If my unpaid principal balance on the Conversion Date will be greater than the original principal amount of my loan, the Note Holder may require that a qualified real estate appraiser, chosen by the Note Holder, 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 will 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 Note Holder an amount sufficient to reduce my unpaid principal balance to that amount.

**(E) Determination of New Payment Amount**

If I choose the Conversion Option, the Note Holder will then determine the amount of a monthly payment that would be sufficient to repay the unpaid principal balance I am expected to owe on the 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 Conversion Date, I will pay the new amount as my monthly payment, and the interest rate I owe will not change from the fixed rate established as of the Conversion Date.