

7. FIXED INTEREST RATE OPTION

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(A) Option to Convert to Fixed Rate

I may choose the Conversion Option. The "Conversion Option" is my option to convert my adjustable rate interest payments to fixed rate interest payments as of the first day of February 1, 1990, which is called  
[Insert same date as first Payment Change Date]

the "Conversion Date." This is the only time that I may convert my adjustable rate payments.

If I choose the Conversion Option, I must give the Note Holder notice that I am doing so at least 15 days before the Conversion Date. I also must sign and give to the Note Holder the documents, in any form that the Note Holder may require, changing the terms of the Note to give effect to the conversion. My new, fixed interest rate will be equal to the Federal National Mortgage Association's published required Net Yield for 30-year, fixed rate mortgages covered by 30-day mandatory delivery commitments that was in effect as of the date 45 days before the Conversion Date, plus seven-eighths of one percent (0.875%). If this required Net Yield is not available, the Note Holder will determine my interest rate by using a comparable figure.

I will pay the Note Holder a conversion fee equal to one percent (1.0%) of unpaid principal as of the Conversion Date plus U.S. \$ 100.00. I will pay the conversion fee on or before the date of my first monthly payment after the Conversion Date.

(B) 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.

(C) 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.

(D) Transfer of the Property or a Beneficial Interest in Borrower

If I choose the Conversion Option and, thereafter, if 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 Note Holder's prior written consent, the Note Holder 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 Note Holder if exercise is prohibited by federal law as of the date of this Note.

If the Note Holder exercises this option, the Note Holder 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.

8. 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 question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Unless Borrower chooses the Conversion Option under the Note as stated in Section A7 of this Adjustable Rate Rider, in which event the following amendment to Uniform Covenant 17 of the Security Instrument shall cease to be in effect, Uniform Covenant 17 of the Security Instrument is amended to read as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If 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 Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower 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 Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.