- 2 -

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument and the Rider, Borrower and Lender further covenant and agree as follows:

A. OPTION TO CONVERT TO FIXED RATE; CONDITIONS TO OPTION

1. Except as provided in Section A-2 below and notwithstanding anything to the contrary in the Note or the Rider, I may choose to convert my adjustable rate interest payments to fixed rate interest payments as of the first day of ___August___, 19_87_ or as of that day of the same month of each of the following _2_ calendar years. Each date as of which I could choose to convert my interest payments is called a "Conversion Date". The last possible Conversion Date is ___August 1___, 19_89_.

If I choose to make this conversion, I must give the Lender notice that I am doing so at least 30 days before the next Conversion Date (the "Effective Conversion Date"). I also must sign and give to the Lender a document, in any form that the Lender may require, changing the terms of the Note as necessary to give effect to the conversion. Beginning with the Effective Conversion Date, if such conversion has been chosen, my interest rate will be equal to the Federal National Mortgage Association's published required Net Yield for 30-year, fixed rate mortgages covered by 60-day mandatory delivery commitments that was in effect as of the date 45 days before the Effective Conversion Date, plus _3/8th_ of one percent (._375_%). If such required Net Yield is not available, the Lender will determine my new, fixed interest rate by using a comparable figure.

2. If the unpaid principal balance of my loan on the Effective Conversion Date will be greater than the original principal amount of my loan, 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 the unpaid principal balance of my loan on the Effective Conversion Date 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 option to convert