

4. INTEREST RATE CHANGES

(A) The Index

Any changes in the interest rate will be based on changes in an interest rate index which will be called the "Index". The Index is the: [Check one box to indicate Index.]

- (1) [] "Contract Interest Rate, Purchase of Previously Occupied Homes, National Average for all Major Types of Lenders" published by the Federal Home Loan Bank Board.
(2) [X] "One Year Treasury Bill"

If the Index ceases to be made available by the publisher, or by any successor to the publisher, the Note Holder will set the Note interest rate by using a comparable index.

(B) Setting the New Interest Rate

To set the new interest rate, the Note Holder will determine the change between the Base Index figure and the Current Index figure. The Base Index figure is ... 12.501 ... The Current Index figure is the most recent Index figure available ... 45 ... days prior to each Change Date.

If the Current Index figure is larger than the Base Index figure, the Note Holder will add the rounded amount of the change to the Initial Interest Rate. If the Current Index figure is smaller than the Base Index figure, the Note Holder will subtract the rounded amount of the change from the Initial Interest Rate.

[Check one box to indicate whether there is any maximum limit on interest rate changes; if no box is checked, there will be no maximum limit on changes.]

(1) [] If this box is checked, there will be no maximum limit on changes in the interest rate up or down. The preliminary rate will be the new interest rate.

*** (2) [X] If this box is checked, the interest rate will not be changed by more than . . . 2 percentage points on any Change Date. The Note Holder will adjust the preliminary rate so that the change in the interest rate will not be more than that limit.

(C) Effective Date of Changes

Each new interest rate will become effective on the next Change Date. If my monthly payment changes as a result of a change in the interest rate, my monthly payment will change as of the first monthly payment date after the Change Date.

(D) Notice to Borrower

The Note Holder will mail me a notice by first class mail at least thirty and no more than forty-five days before each Change Date if the interest rate is to change. The notice will advise me of:

- (i) the new interest rate on my loan;
(ii) the amount of my new monthly payment; and
(iii) any additional matters which the Note Holder is required to disclose.

5. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any of my monthly payments by the end of . . . 19 . . . calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be . . . 5.0 . . . % of my overdue payment of principal and interest.

(B) Notice from Note Holder

If I do not pay the full amount of each monthly payment on time, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date I will be in default. That date must be at least 30 days after the date on which the notice is mailed to me.

(C) Default

If I do not pay the overdue amount by the date stated in the notice described in (B) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

*** Addendum to Section 4, Paragraph B(2) above:

In addition, the interest rate may not be increased or decreased more than 4 percentage points over the life of loan and may not be decreased below the Initial Interest Rate as stated under Section 2. of this Note.

* If more than one box is checked or if no box is checked, and Lender and Borrower do not otherwise agree in writing, the first Index named will apply

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Robert L. Siddens (Borrower)
Jacqueline A. Siddens (Borrower)

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