

## B. Monthly Payment Changes:

The secured indebtedness is payable in monthly installments. Monthly payments will be applied first to the interest due and then to principal. The interest due may be greater than the then current amount of Borrower's scheduled monthly payment. In that case, the interest due which is greater than the Borrower's scheduled monthly payment will be advanced on Borrower's account by Lender and added to the outstanding principal balance under the Note, unless otherwise paid by Borrower. Such capitalized interest is part of the indebtedness for which the Security Instrument secures repayment.

Borrower's monthly payment for the first year will be in the amount of U.S. \$ 550.65.  
Borrower's monthly payment will be reset on the 1st day of August for the first five years so that

Second year monthly payment amount will be U.S.	\$ <u>591.95</u>
Third year monthly payment amount will be U.S.	\$ <u>636.35</u>
Fourth year monthly payment amount will be U.S.	\$ <u>684.08</u>
Fifth year monthly payment amount will be U.S.	\$ <u>735.39</u>

On August 1, 19<sup>87</sup> and on that day in that month each one (1) years thereafter (the "Monthly Payment Adjustment Date"), Borrower's monthly payment will be adjusted to an amount which would be sufficient to repay the loan in full over its remaining term, assuming the then current interest rate does not change. In addition, if at any time the total amount of unpaid interest from the date of the Note shall equal or exceed U.S. \$ 14,600.00, the Note Holder will require the full amount of interest due on the current outstanding balance at the current accrual rate to be paid monthly. These payments will continue until the monthly payment amount becomes sufficient to pay at least the interest due each month. The Note Holder will notify the Borrower of any such monthly payment amounts so long as the Borrower must make interest payments on this basis."

## 2. The Borrower covenants as follows:

## A. Loan Charges

In the event that the indebtedness evidenced by the Note is subject to a law which sets maximum loan charges and it is determined that the interest or other loan charges collected or to be collected in connection with this indebtedness exceeds permitted limits, then: (a) any such loan charge shall be deemed to be reduced by the amount necessary to comply with the permitted limits; and (b) any sums collected from the Borrower in excess of permitted limits shall, at the option of the Note Holder, be refunded to the Borrower or applied to the principal balance.

## B. Prior Liens

If Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien which has priority over this Security Instrument, Lender may send Borrower a notice identifying that lien. Borrower shall promptly act with regard to that lien as