

Amount. I will pay the new amount of my monthly payment until it changes in accordance with Section 5 or Section 6(C) below.

(B) Monthly Payment Freeze Option. Instead of having my monthly payments increased during the second and third years that my loan is outstanding, I may elect to have my monthly payment frozen for the second and/or third years that the loan is outstanding at the monthly payment amount due during the preceding year. Alternatively, I may elect to have the Note Holder recalculate my Full Payment Amount as set forth in Section 3 and I will then make payments of the Full Payment Amount beginning with the first monthly payment due after my election. On the third and on each subsequent anniversary of the date my first monthly payment is due until, but not including, the twenty-ninth anniversary date, I may only pay the Full Payment Amount or elect to have my payment adjusted as specified in Section 5(A). During the thirtieth year of the loan, I must pay the Full Payment Amount. The Note Holder will notify me as provided in Section 7 below prior to each of the anniversaries of the date my first monthly payment is due and will inform me that I have the option set forth in this Section 5, subject however, to the limitations imposed by Section 6(C). I must notify the Note Holder of my election prior to the respective anniversary date, or else I will be required to make the payments provided for in Section 5(A).

6. CHANGES IN MY UNPAID PRINCIPAL BALANCE

(A) Additions to My Unpaid Principal Balance

Each of my monthly payments could be less than the amount of the interest portion of a monthly payment which then would be sufficient to repay my unpaid principal balance in full on the maturity date at my current rate of interest 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 interest portion and will add the difference to my unpaid principal balance. The Note Holder will also add interest on the amount of this difference to my unpaid principal balance each month. The rate of interest on the interest added to principal will be the rate required by Section 2 above.

(B) Reductions in My Unpaid Principal Balance

My monthly payment could be greater than the amount of a monthly payment which then would be sufficient to repay my unpaid principal balance in full on the maturity date at my current rate of interest in substantially equal payments. If so, the Note Holder will subtract the difference from the unpaid balance of my loan each month until the next Interest Change Date as if I had made a partial prepayment under Section 8 [of the Note].

(C) Limit on My Unpaid Principal Balance; required Full Payment Amount

My unpaid principal balance can never exceed a maximum amount equal to one hundred twenty-five percent (125%) of the principal amount I originally borrowed. If my paying the amount of my monthly payment calculated under Section 5 above after any Interest Change Date would cause my unpaid principal balance to exceed that maximum amount at any time, I will instead pay the Full Payment Amount as my monthly payment until the next Payment Change Date.

7. NOTICE OF CHANGES

The Note Holder will mail or deliver to me a notice of any changes in the Full Payment Amount and my monthly payment before the effective date of any change. The notice will include information required by law to be given me."

L E T T E R

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