

ADDENDUM TO ADJUSTABLE RATE NOTE

(Fixed Rate Conversion Option)

THIS ADDENDUM TO ADJUSTABLE RATE NOTE is made this ____ day of _____, _____, and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Note made by the undersigned (“Borrower”) to _____ (“Lender”) and dated the same date as this Addendum (the “Note”).

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

A. FIXED INTEREST RATE OPTION

1. Option to Convert to Fixed Rate

I have a Conversion Option that I can exercise unless I am in default or this Section A1 will not permit me to do so. The “Conversion Option” is my option to convert the interest rate I am required to pay by the Note from an adjustable rate to the fixed rate calculated by the Note Holder under Section A2 below.

The conversion can only take place on (a) if the first Change Date is 21 months or less from the date of the Note, the third, fourth or fifth Change Date, or (b) if the first Change Date is more than 21 months from the date of the Note, the first, second or third Change Date. Each Change Date on which my interest rate can convert from an adjustable rate to a fixed rate also is called the “Conversion Date.” **I can convert my interest rate only on one of the three Conversion Dates.**

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so at least 15 days before the next Conversion Date; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$ _____; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

2. Calculation of Fixed Rate

My new, fixed interest rate will be determined by the Note Holder based on Fannie Mae’s required net yield as of a date and time of day specified by the Note Holder for: (i) if the original term of the Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus five-eighths of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%); or (ii) if the original term of the Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus five-eighths of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section A2 will not be greater than the Maximum Rate stated in the Note.

3. New Payment Amount and Effective Date

If I am permitted to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the Maturity Date of the Note at my new fixed 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 until the Maturity Date of the Note.

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

If my interest rate is converted to a fixed rate, some of the conditions under which I may be required to make immediate payment in full of all amounts I owe under the Note, which are described in the section of the Note captioned “Uniform Secured Note,” shall cease to be in effect. Instead, some of these conditions will read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, “Interest in the Property” means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender’s prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, 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 given in accordance with Section 15 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Addendum To Adjustable Rate Note.

..... (Seal)
-Borrower

..... (Seal)
-Borrower

..... (Seal)
-Borrower

[Sign Original Only]