

FIXED/ADJUSTABLE RATE RIDER
(Ten-Year Treasury Index–Rate Cap–Conversion Option)

THIS FIXED/ADJUSTABLE RATE RIDER is made this ____ day of _____, _____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the “Security Instrument”) of the same date given by the undersigned (“Borrower”) to secure Borrower’s Fixed/Adjustable Rate Note (the “Note”) to _____ (“Lender”) of the same date and covering the property described in the Security Instrument and located at:

[Property Address]

THE NOTE PROVIDES FOR ONE CHANGE IN BORROWER’S INTEREST RATE. THE NOTE LIMITS THE MAXIMUM RATE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION OF AN EARLIER CONVERSION OF BORROWER’S INTEREST RATE.

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

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of _____%. The Note provides for a change in the initial fixed rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date

The initial fixed interest rate I will pay will change on the first day of _____, _____, which is called the “Change Date,” unless I exercise my Conversion Option in accordance with Section 5 of this Note.

(B) The Index

At the Change Date, my interest rate will be based on an Index. The “Index” is the weekly average yield on United States Treasury securities adjusted to a constant maturity of ten-years, as made available by the Federal Reserve Board. The most recent Index value available as of the date 45 days before the Change Date is called the “Current Index,” provided that if the Current Index is less than zero, then the Current Index will be deemed to be zero for purposes of calculating my interest rate.

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Change

Before the Change Date, the Note Holder will calculate my new interest rate by adding _____ percentage points (_____%) (the “Margin”) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limit stated in Section 4(D) below, this rounded amount will be my new interest rate until the Maturity Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest

rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Change

The interest rate I am required to pay at the Change Date will not be greater than _____%, which is called the “Maximum Rate,” or less than the Margin.

(E) Effective Date of Change

My new interest rate will become effective on the Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date.

(F) Notice of Change

The Note Holder will deliver or mail to me a notice of any change in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. FIXED INTEREST RATE OPTION

The Note provides for Borrower’s option to convert from the initial fixed interest rate to a new fixed interest rate as follows:

5. FIXED INTEREST RATE CONVERSION OPTION

(A) Option to Convert to Fixed Rate

I have a Conversion Option that I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The “Conversion Option” is my option to convert the interest rate I am required to pay by this Note from an initial fixed rate with one change to the new fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the due date of the _____ monthly payment and ending on the due date of the _____ monthly payment. Each date on which my initial fixed interest rate can convert to the new fixed rate is called the “Conversion Date.”

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; (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.

(B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to 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 this Note is greater than 15 years, 30-year fixed rate first 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 this Note is 15 years or less, 15-year fixed rate first 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 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

(C) New Payment Amount and Effective Date

If I choose 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 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Fixed/Adjustable Rate Rider.

-Borrower (Seal)

-Borrower (Seal)