

**MODIFICATION TO ADJUSTABLE RATE NOTE**

This Modification to Adjustable Rate Note made this 5 day of DECEMBER, 1984, by and between Perpetual American Bank, F.S.B. (the "Lender") and JOHN E., JR. FORD and NANCY L FORD (collectively whether one or more, the "Borrower") in the original principal amount of NINETY-SEVEN THOUSAND AND NO/100 Dollars (\$97,000.00) (the "Note").

The parties hereto desire to and hereby amend the terms of the Note by adding a new Section 11.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. A new Section 11 is hereby added as follows:

**11. CONVERSION TO FIXED INTEREST RATE**

**(A) My Option to Convert**

On the 1st through 4th Change Date(s), I may convert the adjustable rate loan evidenced by this Note into a fixed interest rate loan to be fully repaid in substantially equal monthly payments of principal and interest over the remaining term of the loan.

**(B) My Fixed Rate of Interest and Monthly Payments**

If I choose to convert to a fixed interest rate, the Note Holder will set the fixed rate of interest that I will pay at a rate equal to the sum of (i) the Federal Home Loan Mortgage Corporation's Required Net Yield for 60-day delivery of 30 year, fixed rate mortgages available 45 days prior to the Change Date on which I exercise my option to convert, plus (ii) three-eighths of one percentage point (.375%). If no such Required Net Yield is available, the Note Holder will determine the fixed interest rate by using a comparable figure. The new fixed interest rate will become effective on the Change Date on which I convert to a fixed interest rate.

My monthly payments at the new fixed interest rate will begin as of the first monthly payment after the Change Date on which I convert. The monthly payment will be the amount that is necessary to repay in full the principal I am expected to owe at that Change Date in substantially equal payments on the maturity date at my fixed interest rate.

**(C) How to Convert**

If I choose to convert, I will be required to sign and deliver to the Note Holder the document evidencing the modification of the Note within the period set in the Note Holder's notice as provided in Section 11(D) below. If I do not do this within the specified period, I will not have an option to convert unless I can exercise another option on other Change Dates as indicated in Section 11(A). In that case, the interest rate that I will pay will continue to adjust in accordance with Section 4.

**(D) Notice of Conversion**

If I may convert my loan as provided in this Section, the notice sent in accordance with Section 4(E) will also include the following information:

- (i) the fixed interest rate I will pay if I choose to convert my loan into a fixed interest rate loan;
- (ii) the amount of my new monthly payment at the fixed rate of interest; and
- (iii) a date, not more than 15 days from the date the notice is given, by which I must execute and deliver to Note Holder a document in the form that Note Holder may require evidencing the modification of the Note to provide for a fixed interest rate.

2. The Borrower hereby agrees that if he/she chooses to convert the loan into a fixed interest rate loan, he/she shall pay to the note holder a conversion fee of one and one-half percent (1½%) of the then outstanding principal balance of the Note (the "Conversion Fee") at or before the execution of the document modifying the Note into a fixed interest rate loan. Notwithstanding the foregoing, it is understood and agreed that the Conversion Fee shall be waived if the Borrower pays to the Lender a one percent (1%) fee at the time this Agreement is executed.

3. Except as otherwise expressly modified herein, the terms and conditions of the Note shall remain unchanged and are hereby ratified and shall remain in full force and effect.

BY SIGNING BELOW, the undersigned accept and agree to the terms and conditions contained in this Modification.

PERPETUAL AMERICAN MORTGAGE CO.

By: [Signature]  
Jeff Palford, Vice President  
JOHN E., JR. FORD (Seal)  
Nancy L Ford By [Signature]  
Over attorney in fact. (Seal)  
NANCY L FORD