

**ADDENDUM TO ADJUSTABLE RATE RIDER  
(FIXED RATE CONVERSION OPTION)  
6-MONTH LIBOR**

THIS ADDENDUM TO ADJUSTABLE RATE RIDER (the "Rider Addendum") is made this **29TH** day of **JUNE, 2000**, and is incorporated into and shall be deemed to amend and supplement the adjustable rate rider (the "Rider") to the Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), each dated the same date as this Rider Addendum and given by the undersigned (the "Borrower") to secure Borrower's adjustable rate note with the addendum to adjustable rate note in favor of **NOVASTAR MORTGAGE, INC., A VIRGINIA CORPORATION**

(the "Lender") and dated as of even date herewith (the "Note"), covering the property described in the Security Instrument and located at:  
**6840 HARRISON STREET  
MERRILLVILLE, IN 46410**

The interest rate stated on the Note is called the "Note Rate." The date of the Note is called the "Note Date." I understand that the Lender may transfer the Note, the Security Instrument, the Rider and this Rider Addendum. The Lender or anyone who takes the Note, the Security Instrument, the Rider and this Rider Addendum by transfer and who is entitled to receive payments under the Note is called the "Note Holder." I understand also that the Lender may transfer the servicing of the Note; the company that receives payments under the Note is called the "Servicer." Each date on which my adjustable interest rate could change is called an "Interest Rate Change Date." I understand a new Note Holder may not wish to exercise the Conversion Option.

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

**1. FIXED INTEREST RATE OPTION**

I may have a Conversion Option which I may be able to exercise if all the conditions explained in Section 2 below are met. The "Conversion Option" is my option to convert the adjustable interest rate with interest rate limits I am required to pay under the Note from an adjustable rate to the fixed rate calculated under Section 4 below.

I may only exercise the Conversion Option once. The Conversion Option will be available to me only during the period beginning on the **1ST** Interest Rate Change Date, and ending on the **6TH** Interest Rate Change Date (the "Option Period"). The new, fixed interest rate (the "Converted Rate") will be effective beginning on the first day of the second month following the month in which I exercise the Conversion Option (the "Conversion Date").

**2. CONDITIONS TO EXERCISING THE CONVERSION OPTION**

If I have the Conversion Option and choose to exercise it, certain conditions must be met. These conditions are that: (a) I must give the Servicer notice during the Option Period in the manner prescribed in Section 3 below that I wish to exercise the Conversion Option; (b) on the date I give the Servicer notice that I wish to exercise the Conversion Option, I must not be in default under the Note or the Security Instrument and I must not have been delinquent thirty days or more in making any payment I was required to make under the Note during the twelve months immediately preceding the Exercise Date (as defined in Section 3 below); (c) I must pay the Servicer a conversion fee equal to **TWO HUNDRED FIFTY AND NO/100**

dollars ( **\$250.00** ) on the Exercise Date; (d) I must have supplied to the Servicer information necessary to complete an updated credit review and I must pay any credit review fees paid by the Servicer to third parties; (e) I must occupy the property; (f) if the Servicer believes the value of the property described in the Security Instrument may have declined since the Note Date, the Servicer must have received an updated appraisal of the property described in the Security Instrument prepared by an appraiser

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STATE OF IN )  
 ) SS:  
COUNTY OF LAKE )

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that the above-named Vice-President and Assistant Secretary, respectively, of LendingSTAR Mortgage, Inc., personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Officers appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth; and the said Assistant Secretary acknowledged that she, as custodian of the corporate seal of said corporation, did affix the same to said instrument as her free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and seal, this 6th day of July, 2000

**NOT OFFICIAL!**  
This Document is the property of  
the Lake County Recorder

*Betty M. Christianson*  
NOTARY PUBLIC

My Commission Expires: 5-19-03



This instrument prepared by & MAIL TO: LendingSTAR MORTGAGE; INC., Loan Shipping Department, 1600 167th Street, Suite #18, Calumet City, IL 60409.

