

ADJUSTABLE RATE MORTGAGE LOAN DISCLOSURE
Non-Convertible 2/1 Year ARM With Interest Only Payments For the First Ten Years
2% Annual Adjustment and 6% Life Cap

You have asked the Lender for an application for a home loan. This disclosure describes the features of the Lender's ten-year period of interest only ARM, which uses the weekly average yield on U.S. Treasury securities, adjusted to a constant maturity of one year. INFORMATION ON OTHER ARM PROGRAMS IS AVAILABLE TO YOU UPON REQUEST.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

Your interest rate will be based on an index rate plus a margin. Your monthly payment will be based on the interest rate, loan balance and loan term. The interest rate will be based on the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year (your index), plus the Lender's margin. ASK THE LENDER FOR ITS CURRENT INTEREST RATE AND MARGIN. Information about the index rate is published weekly in the Wall Street Journal and is available in Federal Reserve Statistical Release H15(519) released weekly on the Federal Reserve Board's website at <http://www.federalreserve.gov/releases/h15>.

Your interest rate will equal the index rate plus the Lender's margin, rounded to the nearest 1/8 percent, unless your interest rate "caps" limit the amount of change in the interest rate. The initial rate is not based on the index used to make later adjustments and may be discounted. ASK THE LENDER FOR THE AMOUNT OF CURRENT INTEREST RATE DISCOUNTS.

HOW YOUR INTEREST RATE CAN CHANGE

Your interest rate can change after 24 months months and annually thereafter. Your interest rate cannot increase or decrease more than two percentage points every twelve months. Your interest rate cannot increase over the term of the loan by more than 6.00%. You interest rate can never be less than the margin. This maximum rate will be determined at the time of closing or at the time you enter into an interest rate lock agreement with the Lender. ASK THE LENDER FOR THE CURRENT MAXIMUM RATE CAP FOR THIS LOAN PROGRAM.

HOW YOUR MONTHLY PAYMENT CAN CHANGE

For the first 120 months, your payments will be based on interest only, excluding any payments toward the loan principal amount. Your monthly payment can change every twelve months after the first twenty-four months, based on changes in the interest rate and the addition of payment to loan principal amount. For example, on a \$10,000 loan, with an initial interest rate of 4.5 percent in effect in January 2005, the maximum amount that the interest rate can rise under this program is six percentage points to 10.5 percent, and a term of 20 years, the monthly payment can rise from a first year interest only payment of \$37.50 to a maximum of \$99.84 principal and interest payment in the tenth year. You will be notified in writing 25-120 days before a payment adjustment may be made. This notice will contain information about your interest rates, the index values, payment amount, and the loan balance.

To see what your initial interest only payment is, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly interest only payment for a mortgage amount of \$60,000 for a 30 year term would be \$60,000 divided by \$10,000, equals six; six times \$37.50 equals \$225.00.

To see what your initial principal and interest payment would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly principal and interest payment for a mortgage amount of \$60,000 for a 30 year term would be \$60,000 divided by \$10,000, equals six; six times \$50.67 equals \$304.02.

If you make an application for this ARM program, or any other loan available from the Lender, the Lender recommends that you also read the provisions of the promissory note and the security instrument (which may be a deed of trust, mortgage, security deed, or other security instrument) as well as all other related loan documents, because you will be bound by the terms, promises, and obligations contained in those documents (which will be called "Loan Documents") once they have been signed.

Please remember that this disclosure is not a contract between you and the Lender and it is not a commitment by the Lender to make a loan to you on any of the terms described in this disclosure. This disclosure is intended solely to provide you with a general description of this loan program. The Lender reserves the right to make changes at any time with regard to any matter covered in this disclosure is a result of a change in policy, law, regulation, or otherwise.

I/We acknowledge receiving a copy of and reading the above program disclosure.

Borrower

Date

Borrower

Date