

ADJUSTABLE RATE MORTGAGE LOAN DISCLOSURE
Piggyback 1-Year ARM With 1% Annual Adjustment

You have asked the Lender for an application for a home loan. This disclosure describes the features of the Lender's one-year 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 principal and interest 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 every twelve months. Your interest rate cannot increase or decrease more than one percentage point every twelve months, and the interest rate will never be less than the margin. Your interest rate cannot increase over the term of the loan to more than a rate that will be stated in your loan documents. 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

Your monthly payment can change every twelve months, based on changes in the interest rate. For example, on a \$10,000 loan with an initial interest rate of 5.625 percent in effect in January 2005, the maximum amount that the interest rate can rise under this program is six percentage points to 11.625 percent, and a term of (1) 15 years, the monthly payment can rise from a first year payment of \$82.37 to a maximum of \$110.26 in the seventh year, (2) 30 years, the monthly payment can rise from a first year payment of \$57.57 to a maximum of \$96.96 in the seventh 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 payment is, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of \$60,000 would be (1) for a 15 year term; \$60,000 divided by \$10,000 equals six; six times \$82.37 equals \$494.22 or (2) for a 30 year term; \$60,000 divided by \$10,000, equals six; six times \$57.57 equals \$345.42.

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