

ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE
5 Year ARM 2/6 Caps Non-Convertible

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

How Your Interest Rate and Payment are Determined

Your interest rate will be based on an index rate plus a margin.

Your 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 United States Treasury securities adjusted to a constant maturity of 1 year (your index), plus our margin. Your interest rate will equal the index rate plus our margin, rounded to the nearest one-eighth of one percent, unless your interest rate "caps" limit the amount of change in the interest rate. Ask us for our current interest rate and margin.

Information about the index is published weekly by the Federal Reserve in Statistical Bulletin H.15 and in the Wall Street Journal.

The initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of current interest rate discounts.

How Your Interest Rate Can Change

The first adjustment to your interest may occur after five years. Subsequent adjustments may occur once each year after the first adjustment.

Your interest rate cannot increase or decrease more than 2 percentage points per year.

Your interest rate cannot increase more than 6 percentage points above your initial rate over the term of the loan.

How Your Payment Can Change

The first adjustment to your monthly payment may occur after five years based on a change in the interest rate. Subsequent adjustments may occur once each year based on changes in the interest rate. Your periodic payment may increase or decrease substantially depending on changes in the interest rate.

You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance. You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

For example, on a new \$10,000 loan with an initial interest rate of 6.500% (the interest rate in effect the first week of July 2006), the maximum amount that the interest rate can rise under this program is six percentage points to 12.500%. If your payments were due monthly and your loan term was 30 years, the monthly payment could rise from a first year payment of \$63.21 to a maximum of \$101.18 in the eighth year.

To see what your payments (excluding escrow amounts) would be, 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 with a 30 year term would be: \$60,000 divided by \$10,000 = 6; 6 times \$63.21 = \$379.26 per month.)