



ARM DISCLOSURE for INTEREST-ONLY PROGRAM

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

HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- The interest rate will be based on: The average of the interbank offered rates for six months U.S. dollars-denominated deposits in the London Market (LIBOR), as published in the Wall Street Journal, (your index), plus our margin. Ask us for our current interest rate and margin.
- Information about the index rate can be found: Index values are published in the Money Rates section of the Wall Street Journal. Your initial interest rate is not based on the index used to make later adjustments. Ask us for the current amount of our adjustable-rate mortgage discounts or premiums.
- During the first One hundred twenty (120) months of the loan (the "interest-only Period"), your monthly payment will consist of interest only. This means that during the Interest-Only Period, your regular monthly payments will not reduce the principal balance of your loan.
- After the Interest-Only Period ends, your regular monthly payments will consist of both principle and interest.

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate will not change for the first _____ months of your loan.
- After the first _____ months, your interest rate and payment can change every 6 months.
- Each date on which your interest rate can change is called a "Change Date" and will be described in your loan documents.
- On each Change Date, your interest will equal the index plus the margin, rounded up down up or down to the nearest 0.125%, unless your interest rate "caps" or "floors" (described below) limit the amount of change in the interest rate.
- Your interest rate cannot increase more than 6.00% percentage points above the initial rate over the term of the loan.
- Your interest rate cannot decrease more than 4.875% percentage points below the initial rate over the term of the loan.
- On the **first** Change Date, your interest rate cannot increase more than 6.000% percentage points above, or decrease more than 4.875% percentage points below the initial interest rate.
- On the second Change Date and every Change Date thereafter, your interest rate cannot increase or decrease more than 2.000% percentage points.

HOW YOUR PAYMENT CAN CHANGE

- Following the initial _____ months of your loan, your monthly payment can increase or decrease substantially every 6 months based on changes in the interest rate.
- Your new payment will be due beginning with the first payment due date after the Change Date on which the related interest rate change occurred, and will be your payment until the first payment due date after the next Change Date.
- For example, on a \$10,000, 30 year term loan with an initial interest rate of 7.125% (based on the 4.710% index value rate in effect on December, 2005. plus a margin of 2.25% and less a **discount** plus a **premium** of 0.165%, rounded as provided above), the maximum amount that the interest rate can rise under this program is 6.000% percentage points to 13.125% and the monthly can rise from a first year payment of \$59.37 to a maximum of \$118.05 in the 11th year. To see what your monthly payment would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by the resulting amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 times \$59.37 = \$356.22 per month.) * **The maximum payment amount reflects principal and interest after the 10th year of the loan.**
- You will be notified in writing at least 25 days, but no more than 120, days before the due date of a payment at a new level. This notice will contain information about the index and interest rates, payment amount, and loan balance.

OTHER INFORMATION

- This obligation does not have a demand feature.

I have read this disclosure form, and understand its content, as evidenced by my signature below. I also acknowledge that I have received a copy of the Consumer Handbook on Adjustable Rate Mortgages on the date indicated below.

THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND

_____	_____	_____	_____	_____	_____
Applicant	Date	Applicant	Date	Applicant	Date
_____	_____	_____	_____	_____	_____
Applicant	Date	Applicant	Date	Applicant	Date