

5/1 LIBOR ARM MORTGAGE PROGRAM DISCLOSURE

This adjustable rate mortgage program disclosure describes the features of the adjustable rate mortgage (ARM) program you are considering. The interest rate and payment amount of your loan are subject to change. The loan will have a term of 30 or 40 years. Information on other ARM programs is available upon request.

How Your Interest Rate is Calculated

- 1. Index** The Index is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal. If the Index is no longer available, we may choose a new index, which is based on comparable information. You will be given notice of any change of index.
- 2. Margin** The Margin is an amount added to the Index to establish your Interest Rate. It is expressed in percentage points. The Margin will stay the same throughout the term of the loan. Ask us about our current Margin.
- 3. Interest Rate** Starting with the first interest rate adjustment on your loan, the Interest Rate will be based on the Index plus the Margin, rounded to the nearest one-eighth of one percentage point, unless your Interest Rate "caps" limit the amount of change in your Interest Rate. Ask us about our current Interest Rate.

Your Initial Interest Rate May Be Different

Your Initial Interest Rate (the Interest Rate applicable to your loan until the first interest rate adjustment) may not be based on the Index and Margin used to make later adjustments. The Index plus the Margin rounded to the nearest one-eighth of one percentage point is called the Fully-Indexed Rate. The amount by which an Initial Interest Rate is less than the Fully-Indexed Rate is called a Discount. The amount by which the Initial Interest Rate is greater than the Fully-Indexed Rate is called a Premium. If your Initial Interest Rate is subject to a Discount, beginning with the first rate adjustment on your loan, your Interest Rate may increase on the adjustment date even if the Index remains the same or declines. Ask us about our current interest rate Discounts or Premium. If you choose a rate commitment option, which provides for a floating rate or flowdown, your Initial Interest Rate may be different than the Initial Interest Rate in effect at the time of application. Whether your Initial Interest Rate has a Discount or Premium, and the amount of that Discount or Premium may change as a result.

How Your Interest Rate Can Be Adjusted

- 1. Calculation of the Interest Rate Adjustment** Your Initial Interest Rate can change once every 12 months beginning 5 years after the first day of the month following your closing date (or 60 months after the closing date if your loan closes on the first day of the month). Your Interest Rate will be determined by adding the Index to the Margin and rounding the total to the nearest one-eighth of one percentage point, unless your interest rate "caps" limit the amount of change in your Interest Rate.
- 2. Interest Rate Caps** At your first and each subsequent Interest Rate Adjustment, your Interest Rate cannot increase or decrease by more than 5.000 percentage points. At each subsequent Interest Rate Adjustment, your Interest Rate cannot increase or decrease by more than 2.000 percentage points. Over the term of your loan, your Interest Rate cannot increase by more than 5.000 percentage points above your Initial Interest Rate or decrease to less than the Margin on your loan.

How Your Payment Can Change

- 1. New Payment Amount** Your monthly principal and interest payment can increase or decrease substantially each time your Interest Rate is adjusted. The amount of your monthly principal and interest payment can change once every 12 payments beginning with payment number 61. Your monthly principal and interest payment will be based on the Interest Rate, loan balance and remaining loan term. Any increase in the Interest Rate will take the form of a higher payment amount.
- 2. Maximum Rate and Payment Examples** Separate examples are provided for loans with Discounted, Fully Indexed and Premium Initial Interest Rates. The examples are based on a Margin, Discount or Premium that we have used recently. Your loan may have a different Margin, Discount or Premium.

Discounted Initial Interest Rate Example

On a \$10,000 30-year loan with an initial interest rate of 4.875 percent in effect in September, 2005, the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 9.875 percent. The monthly payment can rise from an initial payment of \$52.92 to a maximum payment of \$82.49 in the 6th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000; then multiply the mortgage payment by that amount. For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$52.92 = \317.52 per month.)

Fully-Indexed Initial Interest Rate Example

On a \$10,000 30-year loan with an initial interest rate of 6.500 percent in effect in September, 2005, the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 11.500 percent. The monthly payment can rise from an initial payment of \$63.21 to a maximum payment of \$95.15 in the 6th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000; then multiply the mortgage payment by that amount. For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$63.21 = \379.26 per month.)

Premium Initial Interest Rate Example

On a \$10,000 30-year loan with an initial interest rate of 6.625 percent in effect in September, 2005, the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 11.625 percent. The monthly payment can rise from a initial payment of \$64.03 to a maximum payment of \$96.15 in the 6th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000; then multiply the mortgage payment by that amount. For example, the initial monthly payment for a mortgage amount of \$60,000 would be: \$60,000 divided by \$10,000 = 6; 6 x \$64.03 = \$384.18 per month.)

3. Notice of Adjustment You will be notified in writing at least 25, but not more than 120, days before the due date of a payment at a new level. This notice will contain information about your interest rate, payment amount, and loan balance.

Conversion Option

The maximum rate and payment examples assume that if you selected the conversion option, you did not use it. If you select the conversion option, subject to conditions, you can convert your loan to a fixed-rate loan. The following information is representative of conversion features recently offered. Ask us for current information.

You could convert your loan on the first, second or third interest rate adjustment date. If you want to convert your loan, you must meet certain conditions, among them that:

1. you must notify the note holder that you want to do so within the time period specified by the note holder;
2. you are not in default on the conversion date;
3. you must pay a fee; and
4. you must sign any documents required by the note holder to effect conversion.

On your conversion, your Interest Rate and payment may increase. Your new Interest Rate would be equal to the conversion index (FNMA's required net field as of a date and time of day specified by the Note Holder for 30 year fixed first rate mortgages covered by applicable 60-Day mandatory delivery commitments) plus a conversion margin*, rounded to the nearest one-eighth of one percentage point. You can find out about the conversion index by calling us at (800) 285-8209. Your Interest Rate would not exceed the lifetime interest rate adjustment cap mentioned above.

* Conversion margins we have used recently are 0.625 Percentage Points for conforming loans and 0.875 Percentage Points for non-conforming loans. Your margin may be different.

Assumption Feature

Loans are assumable under the following conditions:

1. the purchaser is a natural person,
2. you cause to be submitted to lender information required by lender to evaluate the purchaser as if a new loan was being made to the purchaser and the purchaser meets lender's credit standards,
3. lender reasonably determines that lender's security interest will not be impaired by the assumption and that the risk of a breach of any covenant or agreement of the note and security instrument is acceptable to the lender, (if a co-op loan is assumed, lender may require that new ownership documents be issued to the purchaser, that the purchaser sign a new security agreement and other loan documentation, and that a new recognition agreement be provided)
4. lender may charge a reasonable fee as a condition to lender's consent to the assumption,
5. purchaser signs an assumption agreement in a form acceptable to lender,
6. you continue be to obligated under the note and security instrument unless the lender releases you in writing,
7. if your loan has an option to convert to a fixed rate, your loan may not be assumed by a purchaser of the property after the conversion option has been exercised, and
8. the loan will not be assumable during the initial 5 year fixed rate period.
9. the purchase is the first transfer of the property by you and is not a foreclosure sale or other sale or transfer of the property by lender as a result of your default on the loan,
10. if applicable, your private mortgage insurance coverage is transferred to the purchaser in writing, unless waived by lender.

I/We hereby acknowledge receipt of this mortgage program disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages on the date(s) indicated below.

_____	_____
Date	Date
_____	_____
Date	Date