

Adjustable Rate Mortgage Program Disclosure

THREE-ONE YEAR ARM 2/6 CONSTRUCTION

Program Code: 040

This disclosure describes the features of one of the adjustable rate mortgage (ARM) programs you may wish to consider. Disclosures and further information on other ARM programs are available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

Your interest rate and payment can change. Starting with your first change, your interest rate will be based on the Index rate plus a margin, and will be rounded. Your payment will be based on the interest rate, loan balance and remaining loan term. Ask us for our current interest rate and margin.

Many of the terms used here, such as "Index" and "Margin" are explained in the attached booklet entitled 'Consumer Handbook on Adjustable Rate Mortgages', which we have given to you in our application package.

Your index is the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year, published weekly (usually Tuesday) in the Wall Street Journal.

Each time we change your interest rate, it will be set to equal the index plus a margin, and rounded to the nearest 1/8th of one percentage point. This will equal your new interest rate unless your interest rate "caps" limit the amount of change in the interest rate. See the description of the "caps" in the section below.

Please note, however, that your initial interest rate is not based on the index used to make later adjustments. Initial interest rates which have been set in this manner are being offered with a discount or a premium. Ask us for the amount of the current discount or premium for this adjustable rate mortgage program .

HOW YOUR INTEREST RATE CAN CHANGE

Your interest rate can change yearly after the initial 3 year period.

Your interest rate cannot increase or decrease more than 2 percentage points at each adjustment, or increase or decrease more than 6 percentage points over the term of the loan. (These are called interest rate 'caps'.)

HOW YOUR PAYMENT CAN CHANGE

Your monthly payment can change yearly after the initial 3 year period based on changes in the interest rate. (The amounts and changes in any tax escrows or insurance escrows are not described in or taken into account in this advanced disclosure.)

We will send you a written notice at least 30, but not more than 60 days before a change in rate takes effect. Once the rate is changed, the payment first due after the rate change will reflect the new payment level. This is caused by the fact that mortgage interest is charged for the month immediately past. This notice will contain information about your index, interest rates, payment amount and loan balance.

SPECIAL FEATURES OF THIS ADJUSTABLE RATE MORTGAGE PROGRAM

This loan does have a prepayment penalty.

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The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1996 to 2010. This does not necessarily indicate how your index will change in the future. The example is based on the following assumptions:

Amount: \$10,000 Term: 360 Months Margin: 2.750 Percentage points *

Initial interest rate premium: 0.065 percentage points.**

Initial interest rate and payment adjustment interval: 36 months.

Interest only construction period : 6 months.

Regular interest rate and payment adjustment interval: 12 months.

Maximum increase at each adjustment interval: 2.000 percentage points.

Maximum decrease at each adjustment interval: 2.000 percentage points.

Maximum increase over the life of the loan: 6.000 percentage points.

Maximum decrease over the life of the loan: 6.000 percentage points.

Index: Weekly average on U.S Treasury Securities adjusted to a constant maturity of One Year.

YEAR AS OF FIRST WEEK ENDING IN July	INDEX (%)	MARGIN PERCENTAGE POINTS	INTEREST RATE (%)~	MONTHLY PAYMENT (\$)	REMAINING BALANCE (\$)
1996	5.820	2.750 *	8.750 ***	36.46 ++	9964.85
1997	5.630	2.750 *	8.750 ***	78.67	9889.77
1998	5.380	2.750 *	8.750 ***	78.67	9807.85
1999	5.110	2.750 *	7.875	72.77	9703.25
2000	6.080	2.750 *	8.875	79.39	9607.92
2001	3.700	2.750 *	6.875 #####	66.65	9464.19
2002	2.060	2.750 *	4.875 #####	55.21	9258.50
2003	1.070	2.750 *	3.875	50.07	9012.08
2004	2.140	2.750 *	4.875	55.03	8786.05
2005	3.460	2.750 *	6.250	61.99	8585.62
2006	5.270	2.750 *	8.000	71.11	8412.91
2007	4.990	2.750 *	7.750	69.81	8220.45
2008	2.350	2.750 *	5.750 #####	60.23	7963.67
2009	0.530	2.750 *	3.750 #####	51.77	7635.46
2010	0.310	2.750 *	3.000	48.94	7272.28

~ Interest rates are rounded to the nearest 1/8 percentage point.

++ This payment is for interest only during the construction phase.

* This is a margin we have used recently; yours may be different.

** This is a premium we have used recently; yours may be different.

*** This rate reflects a premium of 0.065% in your initial rate.

This rate reflects a 2.000% rate floor at each adjustment.

To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payments by that amount. (For example, in 2010 the monthly payment for a mortgage amount of \$60,000 taken out in 1996 would be: $\$60,000 / \$10,000 = 6$; $6 \times \$48.94 = \293.64 .)

For example, on a \$10,000 30-year loan with an initial interest rate of 3.125% in effect in July, 2010, and adjusted to reflect an premium of .065%, the maximum amount that the interest rate can rise under this loan program is 6.000 percentage points to 9.125%, and the monthly payment can rise from a first-year payment of \$13.02 to a maximum of \$77.53 in the sixth year. These payments are principal and interest only and do not include tax escrow or insurance payments.