10-YEAR T-BILL ARM WITH THREE YEAR RATE LOCK
ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE

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

After 3 years, your interest rate will be based on an index plus a margin.

After 3 years, your payment will be based on the interest rate, loan balance, and loan term.

The interest rate will be the average yield on United States Treasury securities adjusted to a constant maturity of 10 years, as published by the Federal Reserve Board, plus our margin. Information about the Index is available in Publication H.15 from the Federal Reserve Board or on its website: www.federalreserve.gov/releases/h15/data/b/tcm10y.txt.

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 (an initial interest rate lower than the sum of the margin and index) or premiums (an initial interest rate higher than the sum of the margin and index).

How Your Interest Rate Can Change

After 3 years and again every year thereafter, your interest rate can change.

There are no limits on the amount your interest rate can increase or decrease at each adjustment. However, your interest rate cannot increase or decrease more than 10 percentage points over the term of the loan. Your interest rate cannot decrease below the initial interest rate.

How Your Payment Can Change

After three years your payment can change then and again every year based on changes in the interest rate.

You will be notified in writing at least 25 days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount, and loan balance.

30-Year Discount Example. For example on a $10,000 30-year loan with an initial interest rate of 9.50% (an index of 4.22% and a margin of 6.28% minus a 1.0% discount) in effect in October, 2005, the maximum amount the interest rate can rise under this program is 10 percentage points, to 19.5%, and the monthly payment can rise from a first-year payment of $84.09 to a maximum of $160.05 in the 4th year. 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: $60,000÷$10,000=6; 6x$84.09 =$504.54 per month.).

30-Year Premium Example. For example on a $10,000 30-year loan with an initial interest rate of 11.50% (an index of 4.22% and a margin of 6.28% plus a 1.0% premium) in effect in October, 2005, the maximum amount the interest rate can rise under this program is 10 percentage points, to 21.5%, and the monthly payment can rise from a first-year payment of $99.03 to a maximum of $177.28 in the 4th year. 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: $60,000÷$10,000=6; 6x$99.03 =$594.18 per month.).

I/We hereby acknowledge receipt of a copy of this disclosure and the Consumer Handbook on Adjustable Rate Mortgages.

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