One-Year Treasury Adjustable-Rate Loan Program Disclosure - Fixed For First Year

Important Mortgage Loan Information - *Please read carefully*

This disclosure describes the features of the Adjustable-Rate Mortgage (ARM) program you are considering. Information on other ARM programs available from your Lender will be provided upon request. This disclosure does not constitute a commitment to make a loan to you. If you eventually obtain a loan, the Note, Security Instrument and related documents will establish your legal rights and obligations regarding the loan.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

- Your initial interest rate is not based on the index plus the margin. However, the initial interest rate may be equal to the index plus the margin or may include a discount or may include a premium. If your initial interest rate includes a discount, the initial rate will be lower than the sum of the index plus the margin. Please ask your Lender for the initial interest rate, discount or premium.
- Your interest rate will be periodically adjusted based on the index rate plus the margin. Please ask your Lender for the current index rate and margin.
- The index rate is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. Information about the index is published in the Federal Reserve Statistical Release (H.15). If this index is no longer available a comparable index will be substituted.
- The effective date of a change in the interest rate is a "Change Date."
- Except for your initial interest rate, which may be lower than, equal to or higher than the rate that is based on the index plus the margin, the interest rate will equal the index rate plus the margin, rounded to the nearest one-eighth of the one percentage point (.125%), unless your interest rate "caps" limit the amount of change in the interest rate on a Change Date.
- Please note that if your initial interest rate is lower than the rate that is based on the index plus the margin, the interest rate may increase on the first Change Date even if the index decreases.

HOW YOUR INTEREST RATE CAN CHANGE:

Your interest rate is fixed for the first twelve (12) regularly scheduled monthly payments. Your interest rate can change for the 13th regularly scheduled payment and every twelve (12) months thereafter to the index rate plus the margin, subject to the following limits:

- Your interest rate will be rounded to the nearest one-eighth of one percentage point (.125%).
- Your interest rate cannot increase or decrease more than two percentage points (2.00%) at the first Change Date and two percentage points (2.00%) increase or decrease per adjustment thereafter.
- Your interest rate cannot increase more than six percentage points (6.00%) over the start rate over the term of the loan.
- Your interest rate cannot decrease to be less than the margin over the term of the loan.

HOW YOUR PAYMENT CAN CHANGE:

- Your payment can change each time your interest rate changes.
- You will be notified in writing at least twenty-five (25) days before the due date of each adjustment. This notice will contain information about your interest rate, payment amount and loan balance.
- Your payment may increase or decrease substantially depending on changes in the interest rate.

INITIAL AND MAXIMUM INTEREST RATE:

For example, on a $10,000 thirty-year loan with an initial interest rate of 7.00% (index[1] plus the margin[2] rounded to the nearest .125%), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 13.00%, and the monthly payment can rise from a first year payment of $66.53 to a maximum of $109.15 in the 4th year.

1. *An index in effect on October 11, 2006 is 5.000. The index in effect at the time of the initial interest rate is established for your loan may be different. The initial interest rate on your loan may be lower than, equal to or higher than the rate that is based on the index plus the margin.*
2. *Margin of 2.75 percentage points. This is a margin we have used recently. Your margin may be different.*

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CALCULATING YOUR PAYMENTS:

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by $10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of $60,000 would be $60,000/$10,000 = 6; 6 x $66.53 = $399.18).

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

Lender Or Authorized Representative

(Date) (Date)

(Date) (Date)