Truth-In-Lending Program Disclosure
FHA One Year ARM

This program 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
ARMs ("Adjustable Rate Mortgages") get their name from the fact that their interest rate is periodically adjusted by the Lender. At each interest rate adjustment, your new interest rate will be based on an index plus a margin. The index is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year. The current value of the index is published weekly by the Federal Reserve Board in Statistical Release H.15(519), and is also commonly published in financial publications such as the Wall Street Journal. At each interest rate adjustment, the value of the index most recently available as of 30 days prior to the date of your interest rate adjustment will be added to the margin, and the resulting interest rate will be rounded up or down to the nearest 0.125 percentage point (0.125%). This will be your new interest rate unless the "caps" on your interest rate, as described below, limit the amount your interest rate will change.

You may obtain further information about the index by writing to: Federal Reserve Board Publication Services, Mail Stop 138, Board of governors of the Federal Reserve System, Washington, D.C. 20551. If the index for your ARM is no longer available, the Lender or the transferee of the Note and Security Instrument, who is entitled to receive payments under the Note, will choose a new index based on comparable information.

The initial interest rate being offered is not based on the interest rate formula described above. It is “premium,” which means the offered rate in February 2005 is greater than the interest rate you would calculate today by the interest rate formula. A discounted interest rate is not the same as the discount points you may be charged on your loan.

Ask your Mortgage Representative for the current interest rate and margin offered for this program, as well as the amount of the current interest rate premium or discount and the discount points currently charged on this loan program. Please be aware that unless you enter a lock-in agreement once you have made your application, there is no guarantee the interest rate and discount points quoted will be available to you when your loan is ready for settlement.

HOW YOUR INTEREST RATE CAN CHANGE
The initial interest rate is the interest rate that is charged for the first 12 to 18 months of your mortgage, depending on the terms outlined in your Adjustable Rate Note. After the first adjustment, your interest rate may be adjusted annually. Your loan has "caps" which limit the amount of interest rate adjustments. The interest rate adjustment cap limits increases and decreases in your interest rate at each adjustment to one percentage point (1%). In addition, over the term of your loan, your interest rate will never increase above or decrease below the lifetime interest rate cap, which is five percentage points (5%) over your initial interest rate.

HOW YOUR PAYMENT CAN CHANGE
Your loan payments may be adjusted in response to the interest rate changes. You will be notified in writing of any adjustments in your interest rate and payments at least 25, but no more than 120, days (or as allowed by state law) before your new interest rate will become effective. Because interest on your loan is collected in arrears, payment changes are effective one month after an adjustment to the interest rate. The notice you will receive will show your new interest rate and new payment amount, the date the interest rate and payment adjustment take effect, the balance of your loan and the name and telephone number of a Representative who can answer any questions you may have about your notice.

Your monthly payment can increase or decrease substantially based on annual changes in the interest rate.

For example, let's assume you have a loan amount of $10,000, a loan term of 30 years and an initial interest rate of 4.250% (in effect in February 2005, discounted by 1.00%, a margin of 2.25 and .500% discount points). Under these assumptions, your initial loan payment for principal and interest will be $49.19. At your first adjustment your interest rate cannot increase above 5.250% or decrease below 3.250%. This means your payment will not increase above $55.07 or decrease below $43.66. If your interest rate increased one

percentage point (1%) at each adjustment until you reached the lifetime interest rate cap on the loan of 9.250%, your payment would reach a maximum amount of $79.86 after five years.
To see what your payments would have been during the period shown above, 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 $90,000 would be: $90,000 divided by $10,000 = 9; 9 x $49.19 = $442.71 per month.

IMPORTANT LOAN INFORMATION

This description is for information purposes only and does not constitute a commitment on the part of the Lender to provide financing. The
Note, Security Instrument and Riders ("Loan Documents") will control the terms of the loan; therefore, you should become familiar with and
understand the provisions of these documents. Upon execution of the Loan Documents, both you and the Lender will become bound by
the terms of the Loan Documents.

Thank you for inquiring about a mortgage loan at ____.
If this program disclosure has not fully answered your questions concerning this loan program, please ask your Mortgage Representative for additional information.

I/We acknowledge that I/we have received a copy of this program disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages prior to making my/our mortgage loan application.

Applicant Date

Applicant Date