SIX MONTH LIBOR INTEREST ONLY PROGRAM
INFORMATION STATEMENT

(Please Read Carefully)

PLEASE NOTE: This information statement is only intended to give you a general description of the Adjustable Rate Mortgage (ARM) you are considering. This is not a contract document, and should not be used to interpret any provisions of your Note or Deed of Trust or Mortgage (the Security Instrument). You will be bound by the provisions of your Note and Security Instrument and should become familiar with and understand these documents before signing them. If there is any conflict between this information statement and your Note and Security Instrument, your obligations will be established by your Note and Security Instrument. You have the right to seek legal advice before signing the loan documents. Information about other ARM programs we offer is available upon request.

SUMMARY OF PRODUCT

The Six Month LIBOR Interest Only Program is a loan where your interest rate will change every six months.

During the first 10 years you will make monthly payments of interest only on the principal balance. You will not reduce your principal balance during the first 10 years of the loan. Starting in the 11th year of the loan, you will make monthly payments of principal and interest in an amount sufficient to completely repay the unpaid principal balance, at the current interest rate, by the end of the 25-year term.

INITIAL INTEREST RATE

Your Initial Interest Rate for the first six months of the loan is established prior to closing at the time of rate lock. Your Initial Interest Rate is not based on the index used to make later adjustments. Your Initial Interest Rate may reflect a discount. If discounted, your rate may increase at least once after settlement even if the Index never goes up. Please ask us about our current Initial Interest Rate and our current interest rate discount or premium.

INITIAL PAYMENTS OF INTEREST ONLY

Your first 120 monthly payments will consist of interest only on the unpaid principal balance (plus additional payments required for tax and insurance payments as appropriate). You will not reduce the principal balance during the first 10 years of the loan.

HOW YOUR INTEREST RATE CAN CHANGE

Your Initial Interest Rate will remain in effect for six months. Thereafter, your interest rate may change on the date specified in your Note and every six months thereafter. Each date on which the interest rate could change is called a "Change Date."

LIBOR INDEX

Adjustment to the interest rate will be based on an Index plus our margin. The Index is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market (LIBOR) as published in The Wall Street Journal. The most recent Index figure available as of the first business day of the month immediately preceding the month in which the Change Date occurs is called the "Current Index."

CALCULATION OF INTEREST RATE CHANGES

Prior to each Change Date, we will calculate the new interest rate by adding the margin to the Current Index and rounding the result of this addition to the nearest one-eighth of one percent (0.125%). Subject to the limits stated below, this rounded amount will be the new interest rate until the next Change Date.

Ask us about the Current Index and the margins.

INTEREST RATE CHANGE LIMITS (CAPS AND FLOORS)
The interest rate on your loan will never exceed (12.000%), or five percent (5.000%) over the initial rate, whichever is greater. The interest rate on your loan will never be lower than the margin.

HOW YOUR MONTHLY PAYMENT CAN CHANGE
Your monthly payment can change starting with the seventh monthly payment and every six months thereafter based on changes in the Index.

Starting in the 11th year of the loan, you will be required to make monthly payments of both principal and interest in an amount sufficient to fully amortize the unpaid principal, at the new interest rate, over the remaining term of the loan. Your monthly payment will continue to change every six months based on the interest rate and the unpaid balance at that time.

Your monthly payment could increase or decrease substantially depending on changes to the interest rate. Changes in the monthly payment will occur one month following the interest rate change.

EXAMPLE
On a $10,000, 25-year loan taken out in January 2005, with an Initial Interest Rate of 4.625%, the interest rate could increase to the maximum interest rate of 12.000% after six months. The payments on the loan could increase from a monthly payment (of interest only) of $38.54, to a maximum interest only payment of $100.00 in the seventh month of the loan. The maximum principal and interest payment of $120.02 could be reached during the 11th year of the loan.

To see what your payments might be for a mortgage of a larger amount, divide your mortgage amount by $10,000; then multiply the monthly payment by that amount. For example, the initial monthly interest only payment on a $175,000 25 year mortgage at an initial rate of 4.625% would be $175,000 divided by $10,000 = 17.5; 17.5 x $38.54 = $674.45 per month. The maximum principal and interest payment for this loan would be $175,000 divided by $10,000 = 17.5; 17.5 x $120.02 = $2,100.35 per month in the 11th year.

NOTICE OF CHANGES
You will be sent a notice that your interest rate and monthly payment will be adjusted at least 25 calendar days but no more than 120 calendar days before each Change Date. The notice will contain the following information: (a) your new interest rate; (b) your new payment amount; (c) loan balance; (d) the date the new interest rate and new payment amount will become effective; the title and telephone number of a person who will answer any questions you have regarding the notice and; (f) any information required by law to be given.

This summary is for informational purposes only. It is not a loan commitment. Specific information regarding your loan will be contained in the loan documents.

I certify that I have received this information along with the Consumer Handbook on Adjustable Rate Mortgages.

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