

**FIVE/ONE CONFORMING ADJUSTABLE RATE MORTGAGE LOAN
INFORMATION STATEMENT**

(PLEASE READ CAREFULLY)

PLEASE NOTE: This analysis is only intended to give you a general description of the Adjustable Rate Mortgage (ARM) we offer. This is not a contract document, and should not be used to interpret any provisions of your Note or Deed of Trust, Mortgage or Security Deed (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 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 is available upon request.

The "Five/One Year Arm" is a loan program which provides for periodic adjustments to the interest rate of a conventional 30 year Adjustable Rate Mortgage based upon fluctuations in an Index (as defined below) after the initial 5 year term. This means your interest rate and payment may change. The monthly payment is adjusted along with the interest rate to provide positive amortization so that the loan will be completely repaid over the 30 year term. The interest rate will adjust on the Change Dates, (as defined below). The Change Dates are specified in the Promissory Note evidencing your loan. The interest rate will equal the Index Rate plus a margin unless your interest rate "caps" limit the amount of change in the interest rate. Ask us for the current interest rates and margins on our ARM loans.

INITIAL INTEREST RATE

Your Initial Interest Rate for the first 60 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 also 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 the current interest rate discount.

INITIAL PAYMENT

Your total monthly payment for the first 60 months of the loan is established by determining the amount it will take to repay the original principal balance and interest over the term of the loan in substantially equal payments at the Initial Rate plus, additional payments required for tax and insurance escrows, as appropriate. The term of your loan is thirty years.

CHANGE DATES

Your Initial Interest Rate will remain in effect for your first 60 monthly payments. After 60 months, your interest rate may change on the date specified in your Note and on each one year anniversary thereafter. Each date on which the interest rate could change is called a "Change Date". You will pay the amount of your new monthly payment beginning on the due date of your 61st monthly payment. Thereafter, your interest rate is scheduled to change every twelve months (1 year). For example, if your first payment due is November 1, 2000, the first interest rate adjustment will become effective on October 1, 2005. The new monthly payment will become effective one month after the effective date of any interest rate adjustment. In this example, even though the rate is adjusted in October, the new monthly payment would not be required to be paid until November 1, 2005.

INDEX

Adjustments to the interest rate will be based on an Index plus our margin. The Index is the "weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year", as made available by the Federal Reserve Board. Information about the Index is published weekly in The Wall Street Journal. Noteholder will use the most recent Index figure available as of 45 days prior to the change date. This Index is called the "Current Index". If at any time, the Federal Reserve Board no longer publishes this information, Noteholder shall choose a new Index which is based on comparable information. You may call us if you require any information about your Index.

HOW YOUR MONTHLY PAYMENT CAN CHANGE

Your monthly payment can change on the 61st month and every one year thereafter.

For example, on a \$10,000, 30 year loan taken out in January 2000 with an annual interest rate of 8.25%, the maximum amount that the interest rate can rise on the first Change Date is 2 percentage points to 10.25% (payable on the 61st month). Each year after the first Change Date, your rate will never increase or decrease more than 2% from the previous year. The interest rate can never rise more than 5 percent over the start rate during the entire life of the loan, which means that the principal and interest payment could rise from an initial payment of \$75.13 to a maximum of \$108.74 in the eighth year. The periodic payment may increase or decrease substantially depending on the changes in rate.

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 monthly payment on a \$60,000 30 year mortgage at an initial rate of 8.25% would be: \$60,000 divided by \$10,000 = 6; 6 x \$75.13 = \$450.78 per month. The maximum payment for this loan would be \$60,000 divided by \$10,000 = 6; 6 x 108.74 = \$652.44 in the eighth year.

CALCULATION OF CHANGES

Prior to each Change Date, Noteholder 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.

INTEREST RATE CHANGE LIMITS (CAPS AND FLOORS)

The interest rate established as of any given Change Date shall not be increased or decreased more than two percentage points (2.00%) from the interest rate in effect immediately preceding such Change Date after converting to a one year ARM. The rate can increase the two percentage points (2.00%) above the Initial Interest Rate or decrease two percentage points (2.00%) below the Initial Interest Rate set forth in your note on the 60th month (Initial Change Date). The interest rate on your loan shall not increase or decrease in the aggregate over the full 30 year term of your loan by more than five percentage points (5.00%) above or below the Initial Interest Rate set forth in your Note. The interest rate will never go below the margin set forth in your Note, this is known as the floor.

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; (e) the title and telephone number of a person who will answer any questions you may have regarding the notice and; (f) any other information required by law to be given.

This summary of the Five/One ARM loan 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 and understand this disclosure.

Date

Date

Date

Date