

THIS DISCLOSURE DESCRIBES SOME OF THE FEATURES OF AN ADJUSTABLE RATE MORTGAGE ("ARM") LOAN PROGRAM CURRENTLY OFFERED BY LENDER IN WHICH YOU HAVE EXPRESSED AN INTEREST. THIS PROGRAM MAY BE DISCONTINUED OR CHANGED IN WHOLE OR PART AT ANY TIME AT LENDER'S OPTION. DISCLOSURE FORMS ON OUR OTHER ARM PROGRAMS ARE ALSO AVAILABLE TO YOU UPON REQUEST.

This disclosure is not a contract and does not constitute a commitment by Lender to make a Loan to you.

NATURE OF AN ADJUSTABLE RATE PRINCIPAL DWELLING SECURED LOAN

The type of Loan you have expressed interest in is called an Adjustable Rate Mortgage (ARM). This means that the interest rate varies in relation to changes (increases or decreases) in an interest rate index. Interest rate changes may cause changes in scheduled payments.

YOUR INTEREST RATE

Index. Beginning with the first Change Date, your interest rate will be based on an Index. The Index is the average of interbank offered rates for one-year 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 date 45 days before each Change Date is called the Current Index. If the Index is no longer available the Lender will choose a new Index, which is based on comparable information.

Determining Your Interest Rate. Your interest rate will be determined by adding the index to the margin and rounding the total to the nearest one-eighth of one percentage point (0.125%), unless your interest rate "caps" limit the amount of change in your interest rate. The date on which your interest rate can be adjusted is called the "Change Date". The first Change Date will occur on the 60th payment due date. Subsequent Change Dates will occur every twelve months thereafter. Your interest rate cannot increase or decrease more than five percentage points (5.0%) at the first Change Date, or more than two percentage points (2.0%) at any subsequent Change Date. Your interest rate cannot increase more than five percentage points (5.0%) over the life of your Loan, and cannot decrease below the margin. You should ask us for the current interest rate and margin value.

YOUR PAYMENTS

During the ten-year interest-only period, your payments will be determined by the interest rate and the loan balance. After the interest-only period, your payments will be determined by the interest rate, the loan balance and the remaining loan term. Your payments will be payable monthly. Your payment can adjust once every twelve months, after the five-year fixed-rate period, based on changes in the interest rate. Any increase in the rate will take the form of a HIGHER payment amount. Your new payment amount will be due on the first monthly payment date after a Change Date. During the ten-year interest-only period, your payment can also DECREASE monthly if you made a prepayment of Principal during the prior month. After the five-year fixed-rate period, but before the end of the interest-only period, any decrease may be offset by an increase in the interest rate. In any event, if on the Maturity Date you still owe amounts on your Loan, you will pay those amounts in full on that date.

ADDITIONAL FEATURES OF THIS ADJUSTABLE RATE MORTGAGE

Interest-only. This adjustable-rate mortgage program includes an interest-only feature. You will be required to make payments of only interest that is due on the outstanding principal balance of the loan for the first ten (10) loan years. At the end of the ten-year interest-only period, the loan program will require payments of both principal and interest for the remainder of the loan term.

Prepayment fee option. This loan program does not include a prepayment fee option.

Assumption option. Although the loan contains a due-on-sale clause, the Note Holder will consent to a transfer of the property, provided the transferee meets the Note Holder's current loan underwriting criteria. The transferee will be required to execute a written assumption agreement and pay Note Holder an assumption fee in an amount not to exceed the amount the Note Holder requires for similar transactions. All original terms will remain the same, except for the maximum interest rate, which can increase.

Conversion option. This adjustable-rate mortgage may not be converted to a fixed interest rate.

Demand feature. This loan program does not contain a demand feature.

EXAMPLES

To give you an example of how this loan program would work for a **\$10,000** loan:

Margin	Index	Initial Interest Rate	Initial Monthly Payment	Maximum Interest Rate	Maximum Monthly Payment	Loan Year in Which Maximum Payment May Be Reached
2.25% ¹	5.420%	8.000%	\$66.67*	13.000%	\$117.16	11th

1. This is a margin we have used recently; your margin may be different.
2. The Index value is as of July 16, 2007.

***THE MONTHLY PAYMENT MAY INCREASE OR DECREASE SUBSTANTIALLY.**

The above example calculates the Maximum Interest Rate and resulting Maximum Monthly Payment based on the following assumptions:

Amount of loan	\$10,000	Payment Adjustment	Annually, after first 5 years	Interest Rate Carryover	No
Initial Rate Cap	5.000%	Interest Adjustment	Annually, after first 5 years	Negative Amortization	No
Periodic Cap	2.000%	Term	30 years	Interest Rate Discount	N/A
Life Cap	5.000%	Index: The average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in <i>The Wall Street Journal</i> .			

CALCULATING YOUR PAYMENTS FOR A 30-YEAR LOAN

To see what your payments would be based on the Initial Interest Rate (from the Example table above), divide your desired loan amount by \$10,000; then multiply the result by the Initial Monthly Payment (also from the Example table).

Example. The Initial Monthly Payment for an interest-only loan with a loan amount of \$150,000 would be: \$150,000 divided by \$10,000 = 15; 15 x \$66.67 = \$10000.05 per payment.

NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS

You will be notified in writing at least 25 but no more than 120 days before the due date of a payment at a new level due to an interest rate adjustment. If an interest rate adjustment occurs and does not affect your payment amount, you will be notified once each year of any such interest rate adjustment made to your Loan. These notices will contain information, as applicable, about:

- 1) The current and prior interest rates.
- 2) The Index values upon which the current and prior interest rates are based.
- 3) The extent to which we have foregone any increase in the interest rate, if any.
- 4) The contractual effects of the adjustment, including the payment due after the adjustment is made, and a statement of the loan balance.
- 5) The payment, if different from the payment referred to in #4 above, that would be required to fully amortize your Loan at the new interest rate over the remainder of your Loan term.