

DATE: \_\_\_\_\_  
 APPLICANT: \_\_\_\_\_ ( )  
 PROPERTY: \_\_\_\_\_

**ADJUSTABLE RATE MORTGAGE (ARM) LOAN DISCLOSURES  
 FHA HYBRID ARM DISCLOSURE**

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Information about our other ARM programs will be provided upon request.

<b>HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED</b>		
Your interest rate will be based on an index rate plus a margin. Please ask us for our current interest rate and margin. The Index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Index values are published by the Federal Reserve in Statistical Release H.15, Selected Interest Rates. Your initial interest rate is not based on the index used to make later adjustments. If the initial interest rate is below the sum of the then current index plus margin (the "fully indexed rate"), then the initial interest rate will be a "discounted" interest rate. If the initial interest rate is above the fully indexed rate, then it will be a "premium" interest rate. Please ask us for the amount of our current interest rate discounts and premiums. Your payments will be based on the interest rate, loan balance, and remaining loan term.		
<b>HOW YOUR INTEREST RATE CAN CHANGE</b>		
	<b>FHA 3/1 HYBRID ARM</b>	<b>FHA 5/1 HYBRID ARM</b>
Your interest rate can change:	The first interest rate change will occur no sooner than the January 1, April 1, July 1, or October 1 on or immediately following the date of your 36th monthly payment, and no later than the date of your 42nd monthly payment.	The first interest rate change will occur no sooner than the January 1, April 1, July 1, or October 1 on or immediately following the date of your 60th monthly payment, and no later than the date of your 66th monthly payment.
After the first interest rate change, your interest rate will change annually.		
Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:	Your interest rate will be rounded to the nearest 1/8%, subject to limitations below. Your interest rate will not increase or decrease by more than 1.0% per adjustment. Your interest rate will not increase by more than 5.0% over the term of the loan. Your interest rate will never be lower than the margin.	
<b>HOW YOUR PAYMENTS CAN CHANGE</b>		
Your payment can change:	Each time the interest rate changes and can increase or decrease substantially based on changes in the interest rate. You will be notified in writing at least 25 days, but no more than 120 days before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount, and loan balance.	
	<i>The examples below illustrate interest rate and payment changes based on a \$10,000, 30-year loan. These examples use an initial interest rate in effect on the first business day of August 2008, and assume the maximum periodic increases in rates and payments at the earliest time permitted under each ARM Program. The maximum amount the interest rate can rise under this program is five percentage points (5.0%).</i>	
	<b>EXAMPLE OF FHA 3/1 HYBRID ARM WITH A DISCOUNTED INTEREST RATE (BELOW SUM OF INDEX AND MARGIN)</b>	<b>EXAMPLE OF FHA 3/1 HYBRID ARM WITH A PREMIUM INTEREST RATE (ABOVE SUM OF INDEX AND MARGIN)</b>
Initial Interest Rate	4.375%	5.500%
Maximum Interest Rate	9.375%	10.500%
Monthly Payment During First Three years	\$49.93	\$56.78
Monthly Payment During Fourth Year	\$55.53	\$62.75
Monthly Payment During Fifth Year	\$61.25	\$68.84
Monthly Payment During Sixth Year	\$67.08	\$75.01
Monthly Payment During Seventh Year	\$72.97	\$81.24
Maximum Monthly Payment	\$78.91 in the 8th year	\$87.51 in the 8th year

	<b>EXAMPLE OF FHA 5/1 HYBRID ARM WITH A DISCOUNTED INTEREST RATE (BELOW SUM OF INDEX AND MARGIN)</b>	<b>EXAMPLE OF FHA 5/1 HYBRID ARM WITH A PREMIUM INTEREST RATE (ABOVE SUM OF INDEX AND MARGIN)</b>
Initial Interest Rate	4.375%	5.500%
Maximum Interest Rate	9.375%	10.500%
Monthly Payment During First Five years	\$49.93	\$56.78
Monthly Payment During Sixth Year	\$55.19	\$62.43
Monthly Payment During Seventh Year	\$60.56	\$68.16
Monthly Payment During Eighth Year	\$65.99	\$73.96
Monthly Payment During Ninth Year	\$71.46	\$79.78
Maximum Monthly Payment	\$76.96 in the 10th year	\$85.62 in the 10th year
<p><i>NOTE: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a \$60,000 FHA 5/1 Hybrid ARM loan with a premium interest rate would be: <math>\\$60,000 / \\$10,000 = 6</math>; <math>6 \times \\$56.78 = \\$340.68</math> per month.)</i></p>		

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