

**Bayer Employees Federal Credit Union**

RR 1 Box 12

Proctor, WV 26055

Telephone: (304) 455-4029 ext 1474

Fax Number: (304) 455-6781

Web Address: www.bayerefcu.com

Email Address: Proctor-  
MortgageLending@bayerefcu.com**Lender****2006- 1 YR ARM 25-30**

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

\* This loan program has an adjustable rate feature. This means that your interest rate and payment amount can change.

**HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED**

\* Your interest rate will be based on an index plus a margin, rounded to the nearest .125 percent.

\* Your monthly payment will be based on the interest rate, loan balance, and remaining loan term.

\* Your payment will be rounded to the nearest \$0.01.

\* The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (1 Year Treasury Index) plus our margin rounded to the nearest .125 percent. Ask us for our current interest rate and margin.

\* Information about the index is published weekly in The Wall Street Journal.

\* The initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of the current interest rate premium.

\* Your interest rate will equal the index rate plus margin, rounded to the nearest .125 percent, unless your interest rate "caps" limit the amount of change in the interest rate.

**HOW YOUR INTEREST RATE CAN CHANGE**

\* Your interest rate can change every 12 months.

\* Your interest rate cannot increase or decrease more than 1.000 percentage point(s) in any one year period.

\* Your interest rate cannot increase more than 6.000 percentage point(s) above the initial interest rate over the term of the loan.

\* Your interest rate will never be less than 6.000 percent.

**HOW YOUR PAYMENT CAN CHANGE**

\* Your payment can change every 12 payment(s) based on changes in the interest rate.

\* Your monthly payment may 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 your interest rates, payment amount, and loan balance.

\* For example, on a \$10,000 30-year loan with an initial interest rate of 8.000 in effect in March 2005, the maximum amount that the interest rate can rise under this program is 6.000 percentage point(s), to 14.000 percent, and the monthly payment can rise from an initial payment of \$73.38 to a maximum of \$116.11 in the 73rd month (6 years, 1 month). To see what your payments would be, 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 \$60,000 would be:  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$73.38 = \$440.28$  per month).

**OTHER FEATURES OF THIS ARM PROGRAM**

\* This ARM program contains a demand provision.

**EXAMPLE**

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1991 to 2005. This does not necessarily indicate how your index will change in the future.

The example is based on the following assumptions:

Amount of Loan:	\$10,000.00
Term:	30 years
Payment Adjustment:	Every 12 payment(s)
Interest Adjustment:	Every 12 months
Margin (*):	1.000 percentage point(s)
Caps	
Periodic Interest Rate (increases or decreases):	1.000 percentage point(s) annually
Lifetime Interest Rate (increases):	6.000 percentage point(s) above the initial interest rate
Lifetime Interest Rate (floor):	Interest rate will never be less than 6.000 percent
Interest Rate Premium (**):	3.8 percentage point(s)
Index:	the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year

YEAR As of the first week ending in March	INDEX (%)	MARGIN (%)	INTEREST RATE (%)	MONTHLY PAYMENT (\$)	REMAINING BALANCE (\$)
1991	6.400	1.000	11.250 (L)	97.13	9,957.28
1992	4.550	1.000	10.250 (C)	89.70	9,898.80
1993	3.300	1.000	9.250 (C)	82.56	9,820.46
1994	4.160	1.000	8.250 (C)	75.74	9,717.94
1995	6.470	1.000	7.500	70.88	9,591.97
1996	5.140	1.000	6.500 (C)	64.77	9,433.56
1997	5.700	1.000	6.750	66.23	9,270.59
1998	5.430	1.000	6.375	64.10	9,087.08
1999	4.890	1.000	6.000 (K)	62.07	8,881.88
2000	6.180	1.000	7.000 (B)	67.37	8,689.05
2001	4.470	1.000	6.000 (C)(K)	62.25	8,457.08
2002	2.280	1.000	6.000 (K)	62.25	8,210.81
2003	1.220	1.000	6.000 (K)	62.25	7,949.34
2004	1.230	1.000	6.000 (K)	62.25	7,671.75
2005	3.200	1.000	6.000 (K)	62.25	7,377.05

To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount (for example, in 2005 the monthly payment for a mortgage amount of \$60,000 taken out in 1991 would be:  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$62.25 = \$373.50$  per month).

\* This is a margin we have used recently; your margin may be different.

\*\* This is the amount of a premium that we have provided recently; your loan may have a different premium amount.

(B) This rate reflects a 1.000 percentage point annual cap on increases.

(C) This rate reflects a 1.000 percentage point annual cap on decreases.

(K) This reflects a lifetime floor of 6.000 percent.

(L) This interest rate reflects a 3.8 percentage point premium.

This is not a commitment to make a loan.

You hereby acknowledge receipt of this ARM Program Disclosure and a copy of the  
Consumer Handbook on Adjustable Rate Mortgages on today's date.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date