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

2006-3YR 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 .001 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 three years (3 Year Treasury Index) plus our margin rounded to the nearest .001 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 .001 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 36 months after remaining fixed for 60 months.
***** Your interest rate cannot increase or decrease more than 2.000 percentage point(s) at each adjustment.
***** 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 6.500 percent.

HOW YOUR PAYMENT CAN CHANGE

***** Your payment can change every 36 payment(s) based on changes in the interest rate after remaining fixed for 60 payment(s).
***** 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 9.280 in effect in March 2005, the maximum amount that the interest rate can rise under this program is 6.000 percentage point(s), to 15.280 percent, and the monthly payment can rise from an initial payment of $82.48 to a maximum of $122.70 in the 133rd month (11 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 x $82.48 = $494.88 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 36 payment(s) after remaining fixed for 60 payment(s)
Interest Adjustment:	Every 36 months after remaining fixed for 60 months
Margin (*):	2.000 percentage point(s)
Caps	
Periodic Interest Rate (increases or decreases):	2.000 percentage point(s) at each adjustment
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 6.500 percent
Interest Rate Premium (**):	3.53 percentage point(s)
Index:	the weekly average yield on United States Treasury securities adjusted to a constant maturity of three years

YEAR As of the first week ending in March	INDEX (%)	MARGIN (%)	INTEREST RATE (%)		MONTHLY PAYMENT ($)	REMAINING BALANCE ($)
1991	7.270	2.000	12.800	(L)	109.06	9,969.54
1992	6.000	2.000	12.800		109.06	9,934.92
1993	4.280	2.000	12.800		109.06	9,895.61
1994	5.190	2.000	12.800		109.06	9,850.96
1995	6.950	2.000	12.800		109.06	9,800.25
1996	5.440	2.000	10.800	(C)	94.64	9,719.07
1997	6.270	2.000	10.800		94.64	9,628.67
1998	5.620	2.000	10.800		94.64	9,528.00
1999	5.250	2.000	8.800	(C)	81.75	9,379.57
2000	6.550	2.000	8.800		81.75	9,217.53
2001	4.510	2.000	8.800		81.75	9,040.65
2002	3.610	2.000	6.800	(C)	70.73	8,799.22
2003	1.840	2.000	6.800		70.73	8,540.85
2004	2.160	2.000	6.800		70.73	8,264.37
2005	3.750	2.000	6.500	(K)	69.34	7,960.53

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 x $69.34 = $416.04 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.
(C) This rate reflects a 2.000 percentage point periodic cap on decreases.
(K) This reflects a lifetime floor of 6.500 percent.
(L) This interest rate reflects a 3.53 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