

**Adjustable Rate Mortgage Program Disclosure
3/1 YEAR ARM WITH 2/6 CAPS**

This disclosure describes the features of the adjustable rate mortgage (ARM) program you are considering. Disclosures and further information on other ARM programs are 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 0.125%.
- The interest rate will be based on the weekly average yield on United State Treasury securities adjusted to a constant maturity of one year (1 Year Treasury Index) plus our margin, rounded to the nearest 0.125%. Ask us for our current interest rate and margin.
- Your monthly payment will be based on the interest rate, loan balance, and remaining loan term.
- 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 discount or premium.
- Your interest rate will equal the index rate plus margin, rounded to the nearest 0.125%, unless your interest rate “caps” limit the amount of change in the interest rate.
- Many of the terms used here, such as “Index” and “Margin” are explained in the booklet entitled “Consumer Handbook on Adjustable Rate Mortgages”, which we have given to you.

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change annually after remaining fixed for 3 years.
- Your interest rate cannot increase or decrease more than 2 percentage points at each adjustment, or increase or decrease more than 6 percentage points over the term of the loan. These are called interest rate caps.

HOW YOUR MONTHLY PAYMENT CAN CHANGE

- Your payment can change annually after remaining fixed for 3 years.
- Your monthly payment may increase or decrease substantially based on changes in the interest rate. The amounts and changes in tax escrows or insurance escrows are not described in or taken into account in this advance disclosure.
- You will be notified in writing at least 25 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.

SAMPLE – 3/1 YEAR ARM – 0% POINTS – 30 YEARS

- For example, on a \$10,000.00, 30 year loan with an interest rate of 2.625% in effect in January 2017 and adjusted to reflect a premium of 1.000%, the maximum amount that the interest rate can rise under this loan program is 6.000 percentage points to 8.625% and the monthly payment can rise from a first year payment of \$40.17 to a maximum of \$73.24 in the sixth year. These payments are principal and interest only and do not include tax escrow or insurance payments.
- To see what your payments would have been during this period, divide your mortgage amount by \$10,000; then multiply the monthly payments by that amount (for example, in 2017 the monthly payment for a mortgage amount of \$60,000.00 taken out in 2017 would be:
 $\$60,000/\$10,000=6$; $6 \times \$40.17 = \241.02

I/We acknowledge receipt of this Adjustable Rate Mortgage Program Disclosure.

_____ Date _____

_____ Date _____