



ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE

FOR 15-20-30 YEAR LOANS

INTEREST LOCKED FOR 1, 2, 3, 5 OR 7 YEARS

This disclosure describes the features of the **Adjustable Rate Mortgage (ARM) Program** you are considering. Information on other ARM programs is available on request and you should ask for the current interest rate and margin. **This loan does not include a demand feature.** This loan program contains a variable rate feature which provides that the interest rate and payment can change. The interest rate is based on the value of an Index plus a margin, rounded to the nearest .125%. The Index is **12 Month Treasury Average**. Information about the index is available **monthly through the Federal Reserve Board** or at <https://www.moneycafe.com/12mta-and-12mat-12-month-treasury-average/>, subject to the following conditions:

- a. Any increase could result in an increase in the required monthly payment.
- b. Your initial interest rate may be discounted and will not be based on the Index used to make later adjustments. Due to this, your interest rate may increase at the first adjustment, even if the Index remains the same or decreases. Ask us for the amount of the current interest rate discount.
- c. You will be **notified in writing** at least two hundred and ten (**210**) days but **not more than two hundred forty (240) days** before the due date **of the first payment at an adjusted level. This notice will contain information about your interest rate, payment amount and loan balance.** You will be **notified of any subsequent rate changes** in writing at least sixty (**60**) days but not more than one hundred twenty (**120**) days in advance **before the due date of a payment** at an adjusted level.
- d. You may **pay this ARM loan in whole or part without penalty** at any time. If you are paying more than your regularly scheduled payment, you must notify us as to how you want the funds applied.

HOW YOUR PAYMENT CAN CHANGE

1/1 ARM: LOCKED FOR 1 YEAR with CAPS OF 1%-5%

Under this ARM program your interest rate may not be increased during the first year period. During the remainder of the term, your interest rate may not be increased or decreased by more than one percent (1%) at each periodic adjustment. Your interest rate cannot increase more than five percent (5%) over the term of the loan. The **interest rate is based on a margin of 2.50% and index of 5.081%** rounded to the nearest 0.125%.

If, for example, your loan was for **\$10,000 for fifteen (15) years** with an initial interest rate of **6.375%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.375%** and the monthly payment can rise from a first-year payment of **\$86.43** to a maximum of **\$110.90** in the 61st month.

If, for example your loan was for **\$10,000 for twenty (20) years** with an initial interest rate of **6.375%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.375%** and the monthly payment can rise from a first-year payment of **\$73.82** to a maximum of **\$102.07** in the 61st month.

If, for example, your loan was for **\$10,000 for thirty (30) years** with an initial interest rate of **6.375%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.375%** and the monthly payment can rise from a first-year payment of **\$62.39** to a maximum of **\$96.04*** in the 61st month.

The periodic payments may increase or decrease substantially depending on changes in the rate.

2/1 ARM: LOCKED FOR 2 YEARS with CAPS OF 1%-5%

Under this ARM program your interest rate may not be increased during the initial two-year period. During the remainder of the term, your interest rate may not be increased or decreased by more than one percent (1%) at each periodic adjustment. Your interest rate cannot increase more than five percent (5%) over the term of the loan. The **interest rate is based on a margin of 2.625% and index of 5.081%** rounded to the nearest 0.125%.

If, for example, your loan was for **\$10,000 for fifteen (15) years** with an initial interest rate of **6.500%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.500%** and the monthly payment can rise from a first-year payment of **\$87.11** to a maximum of **\$109.85** in the 73rd month.

If, for example your loan was for **\$10,000 for twenty (20) years** with an initial interest rate of **6.500%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.500%** and the monthly payment can rise from a first-year payment of **\$74.56** to a maximum of **\$101.56** in the 73rd month.

If, for example, your loan was for **\$10,000 for thirty (30) years** with an initial interest rate of **6.500%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.500%** and the monthly payment can rise from a first-year payment of **\$63.21** to a maximum of **\$96.20** in the 73rd month.

The periodic payments may increase or decrease substantially depending on changes in the rate.

3/1 ARM: LOCKED FOR 3 YEARS with CAPS OF 1%-5%

Under this ARM program your interest rate may not be increased during the initial three-year period. During the remainder of the term, your interest rate may not be increased or decreased by more than one percent (1%) at each periodic adjustment. Your interest rate cannot increase more than five percent (5%) over the term of the loan. The **interest rate is based** on a **margin of 2.750%** and **index of 5.081%** rounded to the nearest 0.125%.

If, for example, your loan was for **\$10,000 for fifteen (15) years** with an initial interest rate of **6.625%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.625%** and the monthly payment can rise from a first-year payment of **\$87.80** to a maximum of **\$108.75** in the 85th month.

If, for example your loan was for **\$10,000 for twenty (20) years** with an initial interest rate of **6.625%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.625%** and the monthly payment can rise from a first-year payment of **\$75.30** to a maximum of **\$101.01** in the 85th month.

If, for example, your loan was for **\$10,000 for thirty (30) years** with an initial interest rate of **6.625%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 5.00% to **11.625%** and the monthly payment can rise from a first-year payment of **\$64.03** to a maximum of **\$96.35** in the 85th month.

The periodic payments may increase or decrease substantially depending on changes in the rate.

5/1 ARM: LOCKED FOR 5 YEARS with CAPS OF 2%-6%

Under this ARM program your interest rate may not be increased during the initial five-year period. During the remainder of the term, your interest rate may not be increased or decreased by more than two percent (2%) at each periodic adjustment. Your interest rate cannot increase more than six percent (6%) over the term of the loan. The **interest rate is based** on a **margin of 2.875%** and **index of 5.081%** rounded to the nearest 0.125%.

If, for example, your loan was for **\$10,000 for fifteen (15) years** with an initial interest rate of **6.750%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **12.750%** and the monthly payment can rise from a first-year payment of **\$88.49** to a maximum of **\$111.67** in the 85th month.

If, for example, your loan was for **\$10,000 for twenty (20) years** with an initial interest rate of **6.750%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **12.750%** and the monthly payment can rise from a first-year payment of **\$76.04** to a maximum of **\$105.66** in the 85th month.

If, for example, your loan was for **\$10,000 for thirty (30) years** with an initial interest rate of **6.750%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **12.750%** and the monthly payment can rise from a first-year payment of **\$64.86** to a maximum of **\$103.24** in the 85th month.

The periodic payments may increase or decrease substantially depending on changes in the rate.

7/1 ARM: LOCKED FOR 7 YEARS with CAPS OF 3%-6%

Under this ARM program your interest rate may not be increased during the initial seven year period. During the remainder of the term, your interest rate may not be increased or decreased by more than three percent (3%) at each periodic adjustment. Your interest rate cannot increase more than six percent (6%) over the term of the loan. The **interest rate is based** on a **margin of 3.375%** and **index of 5.081%** rounded to the nearest 0.125%.

If, for example, your loan was for **\$10,000 for fifteen (15) years** with an initial interest rate of **7.250%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **13.250%** and the monthly payment can rise from a first-year payment of **\$91.29** to a maximum of **\$111.25** in the 97th month.

If, for example, your loan was for **\$10,000 for twenty (20) years** with an initial interest rate of **7.250%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **13.250%** and the monthly payment can rise from a first-year payment of **\$79.04** to a maximum of **\$106.49** in the 97th month.

If, for example, your loan was for **\$10,000 for thirty (30) years** with an initial interest rate of **7.250%** in effect as of **January 2024**, the maximum amount that the interest rate could rise under this program is 6.00% to **13.250%** and the monthly payment can rise from a first-year payment of **\$68.22** to a maximum of **\$105.70** in the 97th month.

The periodic payments may increase or decrease substantially depending on changes in the rate.

SEE HOW TO CALCULATE YOUR PAYMENT

To see what your monthly payment would have been during that period, divide your mortgage amount by \$10,000 then multiply the monthly payment by that amount. For example, in **2024** the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x **\$62.39** = **\$374.34** per month. (This reflects the interest rate of **6.375%** on a 30-year amortization loan, fixed for 1 year.)

An ARM is different from a fixed-rate mortgage loan. For a fixed-rate loan, the monthly payments of principal and interest do not change during the life of the loan. You should consider carefully which type of loan is best for you.

You should carefully read this disclosure; the promissory note, deed of trust or mortgage; any riders; and all other documents that you will be asked to sign if you accept an ARM loan.