



ADJUSTABLE-RATE MORTGAGE LOAN PROGRAM DISCLOSURE

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. It covers loans for which the interest rate and payment remain unchanged for the first 5 years (5/1 ARMs), 3 years (3/1 ARMs), or 1 year (1/1 ARMs). Information on other ARM programs is available upon request.

Information Applicable to All ARM Loans

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on an index rate plus a margin.
 - The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year (your index), plus our margin. Ask for our current interest rate and margin.
 - Information about the index is published weekly in the Wall Street Journal or in the Federal Reserve's Statistical Release H.15.
 - Your interest rate will equal the index rate plus our margin unless your interest rate "caps" limit the amount of change in the interest rate.
 - The initial interest rate is not based on the index used to make later adjustments. The initial interest rate reflects a premium. Ask us for the amount of current interest rate premiums.
- Your payment will be based on the interest rate, loan balance, and remaining loan term.

Demand Feature

- This loan program contains a demand feature.

For additional information on:

5/1 ARM Loans – See Below

3/1 ARM Loans – See Page 2

1/1 ARM Loans – See Page 3

Additional Information for 5/1 ARM Loans

How Your Interest Rate Can Change

- There is no change in your interest rate for the first 5 years. At the end of 5 years your interest rate can change yearly.
- Your interest rate cannot increase or decrease more than 2 percentage points (2%) at each adjustment.
- Your interest rate cannot increase to more than 15 percentage points (15%) over the term of the loan.
- Your interest rate cannot decrease to less than 3.50 percentage points (3.50%) over the term of the loan.

How Your Payment Can Change

- There is no change in your payment for the first 5 years. At the end of 5 years your payment can change yearly based on changes in the interest rate.

- You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- **Your monthly payment can increase or decrease substantially based on changes in the interest rate.**

Interest Rate and Payment Example

- For example, on a \$10,000 loan with an initial interest rate of 4.50%, in effect January 2015, the maximum amount that the interest rate can rise under this program is 10.50 percentage points, to 15%.
 - On a 30 year loan, the monthly payment can rise from a first-year payment of \$50.67 to a maximum of \$113.25 in the 11th year.
 - On a 15 year loan, the monthly payment can rise from a first-year payment of \$76.50 to a maximum of \$110.34 in the 11th year.
 - On a 10 year loan, the monthly payment can rise from a first-year payment of \$103.64 to a maximum of \$119.99 in the 10th year.
- 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:
 - On a 30 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$50.67 = \304.02 per month.
 - On a 15 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$76.50 = \459.00 per month.
 - On a 10 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$103.64 = \621.84 per month.

Additional Information for 3/1 ARM Loans

How Your Interest Rate Can Change

- There is no change in your interest rate for the first 3 years. At the end of 3 years your interest rate can change yearly.
- Your interest rate cannot increase or decrease more than 2 percentage points (2%) at each adjustment.
- Your interest rate cannot increase to more than 15 percentage points (15%) over the term of the loan.
- Your interest rate cannot decrease to less than 3.50 percentage points (3.50%) over the term of the loan.

How Your Payment Can Change

- There is no change in your payment for the first 3 years. At the end of 3 years your payment can change yearly based on changes in the interest rate.
- You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- **Your monthly payment can increase or decrease substantially based on changes in the interest rate.**

Interest Rate and Payment Example

- For example, on a \$10,000 loan with an initial interest rate of 4.125%, in effect January 2015, the maximum amount that the interest rate can rise under this program is 10.875 percentage points, to 15%.

—On a 30 year loan, the monthly payment can rise from a first-year payment of \$48.46 to a maximum of \$116.90 in the 9th year.

—On a 15 year loan, the monthly payment can rise from a first-year payment of \$74.60 to a maximum of \$117.81 in the 9th year.

—On a 5 year loan, the monthly payment can rise from a first-year payment of \$184.73 to a maximum of \$190.56 in the 5th year.

• 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:

—On a 30 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$48.46 = \290.76 per month.

—On a 15 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$74.60 = \447.60 per month.

—On a 5 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$184.73 = \$1,108.38$ per month.

Additional Information for 1/1 ARM Loans

How Your Interest Rate Can Change

- There is no change in your interest rate for the first year. At the end of the first year your interest rate can change yearly.
- Your interest rate cannot increase or decrease more than 2 percentage points (2%) at each adjustment.
- Your interest rate cannot increase to more than 15 percentage points (15%) over the term of the loan.
- Your interest rate cannot decrease to less than 3.50 percentage points (3.50%) over the term of the loan.

How Your Payment Can Change

- There is no change in your payment for the first year. At the end of the first year your payment can change yearly based on changes in the interest rate.
- You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- **Your monthly payment can increase or decrease substantially based on changes in the interest rate.**

Interest Rate and Payment Example

• For example, on a \$10,000 loan with an initial interest rate of 3.25%, in effect January 2015, the maximum amount that the interest rate can rise under this program is 11.75 percentage points, to 15%.

—On a 30 year loan, the monthly payment can rise from a first-year payment of \$43.52 to a maximum of \$120.14 in the 7th year.

—On a 15 year loan, the monthly payment can rise from a first-year payment of \$70.27 to a maximum of \$124.61 in the 7th year.

—On a 5 year loan, the monthly payment can rise from a first-year payment of \$180.80 to a maximum of \$199.82 in the 5th year.

• 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:

—On a 30 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$43.52 = \261.12 per month.

—On a 15 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$70.27 = \421.62 per month.

—On a 5 year loan: $\$60,000 \div \$10,000 = 6$; $6 \times \$180.80 = \$1,084.80$ per month.