

This disclosure describes the features of the 3-1 Adjustable Rate Mortgage (ARM) program which 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 0.125%.
- 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 0.125%. *Ask us for our current interest rate and margin.*
- If the Index is no longer available, we will select a new Index which is based on comparable information.
- 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 current interest rate 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.

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.
- Your interest rate cannot increase or decrease more than 6 percentage points over the term of the loan.
- This loan program is subject to automatic interest rate adjustments: decreases in the Index used to make interest rate adjustments will, subject to any limitations described above, result in a reduced interest rate; increases will, subject to any limitations, result in increases in the interest rate.

HOW YOUR PAYMENT CAN CHANGE

- Your payment can change annually after remaining fixed for three (3) years.
- Your monthly payment may increase or decrease substantially based on changes in the interest rate.
- An increase in the interest rate will result in higher payment amounts.
- If you still owe amounts on your loan on the maturity date, you will pay those amounts in full on that date.
- 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 5.375% in effect in January, 2009, the maximum amount that the interest rate can rise under this program is 6 percentage points, to 11.375%, and the monthly payment can rise from an initial payment of \$56.00 to a maximum of \$94.26 in the sixth 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 \$80,000 would be:

$$\$80,000 / \$10,000 = 8; \quad 8 \times \$56.00 = \$448.00 \text{ per month}$$

- **This is not a commitment to make a loan.**

I (we) have read and acknowledge receipt of a copy of this document and the Consumer Handbook on Adjustable Rate Mortgages:

Applicant

Applicant

Applicant

Applicant

Date