



## 7/1 ARM PROGRAM DISCLOSURE

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

### HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED

- ◆ Your interest rate will be based on an index plus a margin.
- ◆ Your payment will be based on the interest rate, loan balance, and loan term.
  - The interest rate will be based on the average of Interbank Offered Rates for one year U.S. dollar-denominated deposits in the London Market (LIBOR), as published in *The Wall Street Journal* (your index), plus our margin. Ask us for our current interest rate and margin.
- ◆ Information about the index rate can be found: Index values are published in the Money Rates section of *The Wall Street Journal*.
- ◆ Your initial interest rate is not based on the index used to make later adjustments. Ask us for the current amount of our adjustable-rate mortgage discounts or premiums.

### HOW YOUR INTEREST RATE CAN CHANGE

- ◆ Your interest rate will not change for the first 84 months of your loan.
- ◆ After the first 84 months, your interest rate can change every 12 months.
- ◆ Each date on which your interest rate can change is called a “Change Date” and will be described in your loan documents.
- ◆ On each Change Date, your interest rate will equal the index plus the margin, rounded up or down to the nearest .125%, unless your interest rate “caps” or “floors” (described below) limit the amount of change in the interest rate.
- ◆ Your interest rate cannot increase more than 5.000% percentage points above the initial interest rate over the term of the loan.
- ◆ Your interest rate cannot decrease more than 2.750% percentage points below the initial interest rate over the term of the loan or result in a rate that is lower than the margin.
- ◆ On the **first** Change Date, your interest rate cannot increase more than 5.000% percentage points above, or decrease more than 2.750% percentage points below the initial interest rate.
- ◆ On the second Change Date and every Change Date thereafter, your interest rate cannot increase or decrease more than 2.000% percentage points.

### HOW YOUR PAYMENT CAN CHANGE

- ◆ Following the initial 84 months of your loan, your monthly payment can increase or decrease substantially every 12 months based on changes in the interest rate.
- ◆ Your new payment will be due beginning with the first payment due date after the Change Date on which the related interest rate change occurred, and will be your payment until the first payment due date after the next Change Date.
- ◆ For example, on a \$10,000, 30-year term loan with an initial interest rate of 5.000% (based on the .793% index value rate in effect in February, 2011, plus a margin of 2.250% and plus a premium of 1.957%, rounded as provided above), the maximum amount that the interest rate can rise under this program is 5.000% percentage points to 10.00% and the monthly payment can rise from a first year payment of \$53.68 to a maximum of \$81.54 in the 8<sup>TH</sup> year. To see what your monthly payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by the resulting amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 times \$53.68 = \$322.08 per month.)
- ◆ You will be notified in writing at least 25 days, but not more than 120 days, before the due date of a payment at a new level. This notice will contain information about the index and interest rates, payment amount, and loan balance.

### OTHER INFORMATION

- ◆ This obligation does not have a demand feature.

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. **THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND**

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Borrower	Date	Borrower	Date
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Borrower	Date	Borrower	Date
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