

### 3-1 ARM, 30 YR MATURITY

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This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program 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 .125 percent.
- Your monthly payment will be based on the interest rate, loan balance, and remaining loan term.
- Your payment will be rounded to the nearest \$0.01.
- 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 .125 percent. Ask us for our current interest rate and margin.
- Information about the index is published weekly in the Wall Street Journal.
- Your interest rate will equal the index rate plus margin, rounded to the nearest .125 percent, 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 every 12 months after remaining fixed for 36 months..
- Your interest rate cannot increase or decrease more than 2.000 percentage point(s) in any one year period.
- Your interest rate cannot increase more that 5.000 percentage point(s) above the initial interest rate over the term of the loan.
- Your interest rate will never be less than the initial rate.

#### HOW YOUR PAYMENT CAN CHANGE

- Your payment can change every 12 payment(s) based on changes in the interest rate after remaining fixed for 36 payment(s).
- Your monthly payment may increase or decrease substantially based on changes in the interest rate.
- 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 3.250 in effect in August 2011, the maximum amount that the interest rate can rise under this program is 5.000 percentage point(s), to 8.250 percent, and the monthly payment can rise from an initial payment of \$43.53 to a maximum of \$71.69 in the 61<sup>st</sup> month (5 years, 1 month). 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:  $\$60,000 / \$ 10,000 = 6$ ;  $6 \times \$43.53 = \$261.18$  per month).

This is not a commitment to make a loan.

You hereby acknowledge receipt of this ARM Program Disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages on today's date

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Borrower Name

Date

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Co-Borrower Name

Date