

# **ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE**

## **7/1 LIBOR**

This is not a contract nor a commitment to lend.

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 payment are determined:**

- Your interest rate will be based on an index rate 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), plus our margin.
- Information about the index rate is published in the Money Rates section of the Wall Street Journal.
- Ask for our current interest rate and margin.
- Your Index will be the most recent figure available as of each Change Date. If the Index is discontinued, we may use a comparable index.

### **How your interest rate can change:**

- Your interest rate can change every twelve months.
- Your interest rate cannot increase or decrease more than 5 percentage points at the first adjustment.
- Your interest rate cannot increase or decrease more than 2 percentage points at each adjustment after the first adjustment.
- Your interest rate cannot increase or decrease more than 5 percentage points over the term of the loan.
- Your interest rate is fixed for the first eight four month(s), after which the interest rate can change every twelve months to the index value plus the margin, subject to the above limits.

### **How your payment can change:**

- Your payment can change every twelve months based on changes in the interest rate.
- Your payment can increase or decrease substantially depending on changes in the interest rate.
- You will be notified in writing 25 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 thirty-year loan with an initial interest rate of 2.75% (the index plus margin of 2.25% in effect on June 4, 2013) the maximum amount that the interest rate can rise under this program is 5.00 percentage points to 7.75 percent, and the monthly payment can rise from a first-year payment of \$40.82 to a maximum of \$64.86 in the eighth year. To see what your payment is, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, on the 30 YEAR TERM loan the monthly payment for a mortgage amount of \$60,000 would be:  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$40.82 = \$244.92$  per month.

### **Additional Features:**

- This loan does not have a conversion option to a fixed interest rate.
- THERE WILL NOT BE A DEMAND FEATURE FOR THIS LOAN.