

# Adjustable-Rate Mortgage Loan Disclosure

## (No Fixed Rate Conversion Option)

This disclosure describes the features of the Adjustable-Rate Mortgage (ARM) program you are considering. Information on other ARM programs that the Lender offers are available upon request.

### NATURE OF AN ADJUSTABLE-RATE MORTGAGE LOAN

- The type of Loan you have expressed interest in is what is called an “Adjustable-Rate Mortgage”, or an ARM. This loan type is not a fixed rate loan where your payments remain the same throughout the life of your loan, The interest rate varies in relation to changes (increases or decreases) in an interest rate index. Interest Rate changes may cause changes in scheduled payments and/or in the term of your loan. **This ARM Disclosure is not a commitment by us to make a Loan to you and is made available to you for understanding your loan terms.**

### 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 index plus our margin. The index is the 30-day average of the Secured Overnight Financing Rate (“SOFR”) index plus our margin. If the index is less than zero, then the index will be deemed to be zero for the purposes of calculating your interest rate. The result of the index plus our margin will be rounded to the nearest 0.125%. Ask us for our current interest rate and margin.
- Information about the index is published by the Federal Reserve Bank of New York.
- 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 and premiums.**
- If the Index is no longer available, the Lender will choose a new Index, which is based on comparable information.

### HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate will not change for the first **EIGHTY-FOUR (84)** months of your loan.
- After the first **EIGHTY-FOUR (84)**, your interest rate and payment can change every **SIX (6)** 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 0.125%, unless your interest rate “caps” or “floors” (described below) limit the amount of change in interest rate.
- Your interest rate cannot increase by more than **FIVE** percentage points (**5.000%**) above the initial interest rate over the term of the loan.
- Your interest rate cannot decrease below **THREE** percentage points (**3.00%**) over the term of the loan.
- On the **first** Change Date, your interest rate cannot increase more than **FIVE** percentage points (**5.000%**) above the initial interest rate.
- On the second Change Date and every Change Date thereafter, your interest rate cannot increase or decrease more than **ONE** percentage points (**1.000%**).

### HOW YOUR PAYMENT CAN CHANGE

- Following the initial **EIGHTY-FOUR (84)** months of your loan, your monthly payment can increase or decrease substantially every **SIX (6)** 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.
- In any event, if on the Maturity Date you still owe amounts on your Loan, you will pay those amounts in full on that date.

### INITIAL INTEREST RATE CHANGE EXAMPLE:

If you had a \$10,000 30-year loan with an initial rate of **6.50 %** in effect June 2023, the maximum amount that the interest rate can rise

under this program is **FIVE** percentage points (**5.000%**) to **11.500%** and the monthly payment can rise from a first-year payment of **\$63.21** to a maximum of **\$93.36** in the **8th** year. To see what your monthly payments would be, divide your mortgage amount by \$10,000.00; then multiply the monthly payment by the resulting amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000.00 divided by \$10,000.00= 6; 6 times **\$63.21** = **\$379.26** per month.)

The above example uses an initial maximum change cap of 5.000%, a periodic maximum change cap of 1.000% and a life of loan maximum cap of 5.000% in calculating the maximum interest rate and resulting maximum payment.

**NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS**

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 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.

**OTHER INFORMATION**

This obligation  does  does not have a demand feature.

**ACKNOWLEDGMENT**

The Undersigned hereby acknowledge receipt of a copy of this Disclosure, and attached exhibits (if any are referenced), along with a copy of The Consumer Handbook on Adjustable-Rate Mortgages.

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Applicant (Date)

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