

PROGRAM DISCLOSURE FIVE-YEAR ADJUSTABLE RATE MORTGAGE

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program you are considering.

- This loan program has an adjustable rate feature. This means that your interest rate and principal and interest payment amount can change.

HOW YOUR INTEREST RATE AND PRINCIPAL AND INTEREST PAYMENT ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years (your index), plus our margin, rounded up to the nearest one-eighth of one percentage point. Ask us for our current interest rate and margin.
- Information about the index is published in the WALL STREET JOURNAL.
- Your interest rate will equal: The index rate plus our margin (rounding up to the nearest one-eighth of one percentage point), unless your interest rate "CAPS" or the minimum interest rate of the loan limits the amount of change in the interest rate.
- Your principal and interest payment will be based on the interest rate, loan balance and remaining loan term.
- The initial interest rate is not based on the index used to make later adjustments. Ask us for the current initial interest rate.

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change every 5 years.
- Your interest rate cannot increase or decrease more than 2.0 percentage points at each adjustment.
- Your interest rate cannot increase or decrease more than 6.0 percentage points over the term of the loan.
- Your minimum interest rate is LTV 80% or less 3.25% LTV 80.1-90% 3.75%
LTV 90.1 – 100% 4.25% LTV 100.1-110% 5.25%

HOW YOUR PRINCIPAL AND INTEREST PAYMENT CAN CHANGE

- Your principal and interest payment can change every 5 years based on changes in the interest rate.
- 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 interest rate adjustment of the loan. This notice will contain estimated information about the adjustment that is scheduled to occur within a few months, including the interest rate, payment amount, and loan balance.
- You will be notified in writing approximately 75 days before the due date of a principal and interest payment at a new level. This notice will contain information about your interest rate, total new payment amount (principal, interest, and escrow deposit), and loan balance.
- Worst-case examples:
 - On a \$10,000.00 5-year loan with an initial interest rate of 3.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 1.5 percentage points, the maximum amount that the interest rate can rise under this program is 0.0 percentage points to 3.25%, and the monthly principal and interest payment can rise from a first-year amount of \$180.80 to a maximum of \$180.80 final payment.

On a \$10,000.00 5-year loan with an initial interest rate of 3.75% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.0 percentage points, the maximum amount that the interest rate can rise under this program is 0.0 percentage points to 3.75%, and the monthly principal and interest payment can rise from a first-year amount of \$183.04 to a maximum of \$183.04 final payment.

On a \$10,000.00 5-year loan with an initial interest rate of 4.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.5 percentage points, the maximum amount that the interest rate can rise under this program is 0.0 percentage points to 4.25%, and the monthly principal and interest payment can rise from a first-year amount of \$185.30 to a maximum of \$185.30 final payment.

On a \$10,000.00 5-year loan with an initial interest rate of 5.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 3.5 percentage points, the maximum amount that the interest rate can rise under this program is 0.0 percentage points to 5.25%, and the monthly principal and interest payment can rise from a first-year amount of \$189.86 to a maximum of \$189.86 final payment.

On a \$10,000.00 15-year loan with an initial interest rate of 3.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 1.5 percentage points, the maximum amount that the interest rate can rise under this program is 4.0 percentage points to 7.25%, and the monthly principal and interest payment can rise from a first-year amount of \$70.27 to a maximum of \$80.94 in the 11th year.

On a \$10,000.00 15-year loan with an initial interest rate of 3.75% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.0 percentage points, the maximum amount that the interest rate can rise under this program is 4.0 percentage points to 7.75%, and the monthly principal and interest payment can rise from a first-year amount of \$72.72 to a maximum of \$83.68 in the 11th year.

On a \$10,000.00 15-year loan with an initial interest rate of 4.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.5 percentage points, the maximum amount that the interest rate can rise under this program is 4.0 percentage points to 8.25%, and the monthly principal and interest payment can rise from a first-year amount of \$75.23 to a maximum of \$86.48 in the 11th year.

On a \$10,000.00 15-year loan with an initial interest rate of 5.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 3.5 percentage points, the maximum amount that the interest rate can rise under this program is 4.0 percentage points to 9.25%, and the monthly principal and interest payment can rise from a first-year amount of \$80.39 to a maximum of \$92.20 in the 11th year.

On a \$10,000.00 30-year loan with an initial interest rate of 3.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 1.5 percentage points, the maximum amount that the interest rate can rise under this program is 6.0 percentage points to 9.25%, and the monthly principal and interest payment can rise from a first-year amount of \$43.52 to a maximum of \$70.77 in the 16th year.

On a \$10,000.00 30-year loan with an initial interest rate of 3.75% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.0 percentage points, the maximum amount that the interest rate can rise under this program is 6.0 percentage points to 9.75%, and the monthly principal and interest payment can rise from a first-year amount of \$46.31 to a maximum of \$74.58 in the 16th year.

On a \$10,000.00 30-year loan with an initial interest rate of 4.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 2.5 percentage points, the maximum amount that the interest rate can rise under this program is 6.0 percentage points to 10.25%, and the monthly principal and interest payment can rise from a first-year amount of \$49.19 to a maximum of \$78.46 in the 16th year.

On a \$10,000.00 30-year loan with an initial interest rate of 5.25% (this was the current initial rate at the time of the revision of this disclosure) and a margin of 3.5 percentage points, the maximum amount that the interest rate can rise under this program is 6.0 percentage points to 11.25%, and the monthly principal and interest payment can rise from a first-year amount of \$55.22 to a maximum of \$86.41 in the 16th year.

EXAMPLES

The following examples show how your principal and interest payments would have changed under this ARM program based on actual changes in the index from 2002 to 2016. This does not necessarily indicate how your index will change in the future.

The examples are based on the following assumptions:

Amount of Loan	\$10,000.00	<u>CAPS</u>
Term	5 years, 15 years & 30 years	Every 5 years 2.0 percentage points
Principal and Interest Payment Adjustment every 5 years		Lifetime 6.0 percentage points
Interest Adjustment	every 5 years	

MARGIN . . . 1.5 percentage points, 2.0 percentage points, 2.5 percentage points and 3.5 percentage points
INITIAL INTEREST RATE. . . Not based on the index used to make later adjustments

MINIMUM INTEREST RATE . . . LTV 80% or less 3.25% LTV 80.1-90% 3.75%
LTV 90.1 – 100% 4.25% LTV 100.1-110% 5.25%

The weekly average yield on United States Treasury securities adjusted to a constant maturity of five years.

The following table shows examples of 80% and Less Loan To Value (including Construction Loans) with a margin of 1.5%

YEAR (AS OF THE 2 ND WEEK IN NOVEMBER)	INDEX (%)	INTEREST RATE WITH 1.5* PERCENT MARGIN	5 YEAR TERM		15 YEAR TERM		30 YEAR TERM	
			MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE
2002	2.95	****4.875%	188.14	8,189.72	78.43	9,536.07	52.92	9,849.11
2003	3.36	4.875%	188.14	6,289.21	78.43	9,049.01	52.92	9,690.70
2004	3.53	4.875%	188.14	4,293.94	78.43	8,537.66	52.92	9,524.39
2005	4.52	4.875%	188.14	2,199.19	78.43	8,000.82	52.92	9,349.78
2006	4.62	4.875%	188.14	0.00	78.43	7,437.21	52.92	9,166.48
2007	3.89	5.500%			80.71	6,863.42	56.29	8,990.78
2008	2.41	5.500%			80.71	6,257.27	56.29	8,805.17
2009	2.30	5.500%			80.71	5,616.91	56.29	8,609.08
2010	1.25	5.500%			80.71	4,940.43	56.29	8,401.93
2011	0.90	5.500%			80.71	4,225.79	56.29	8,183.10
2012	0.68	***3.500%			76.87	3,438.72	47.46	7,895.40
2013	1.36	3.500%			76.87	2,623.62	47.46	7,597.48
2014	1.64	3.500%			76.87	1,779.55	47.46	7,288.96
2015	1.72	3.500%			76.87	905.46	47.46	6,969.47
2016	1.42	3.500%			76.87	0.00	47.46	6,638.62

*This is a margin we have used recently; your margin may be different.

**This initial rate reflects a comparable discount used recently.

^The interest rate adjustment was restricted to the minimum rate.

***This interest rate reflects a 2.0% interest rate CAP every 5 years.

****This initial rate reflects a comparable premium used recently.

If the term of your loan is 5 years: To see what your principal and interest payment would have been during the above period with a 1.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2006, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$188.14 = \$1,128.84.

If the term of your loan is 15 years: To see what your principal and interest payment would have been during the above period with a 1.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$76.87 = \$461.22.

If the term of your loan is 30 years: To see what your principal and interest payment would have been during the above period with a 1.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$47.46 = \$284.76.

The following table shows examples of 80.1 - 90% Loan To Value (including Construction Loans) with a margin of 2.0%

YEAR (AS OF THE 2 ND WEEK IN NOVEMBER)	INDEX (%)	INTEREST RATE WITH 2.0* PERCENT MARGIN	5 YEAR TERM		15 YEAR TERM		30 YEAR TERM	
			MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE
2002	2.95	****5.375%	190.44	8,208.49	81.05	9,554.01	56.00	9,862.14
2003	3.36	5.375%	190.44	6,318.29	81.05	9,083.45	56.00	9,716.67
2004	3.53	5.375%	190.44	4,323.96	81.05	8,586.97	56.00	9,563.19
2005	4.52	5.375%	190.44	2,219.76	81.05	8,063.14	56.00	9,401.28
2006	4.62	5.375%	190.44	0.00	81.05	7,510.44	56.00	9,230.44
2007	3.89	6.000%			83.38	6,945.12	59.47	9,066.16
2008	2.41	6.000%			83.38	6,344.96	59.47	8,891.75
2009	2.30	6.000%			83.38	5,707.76	59.47	8,706.58
2010	1.25	6.000%			83.38	5,031.25	59.47	8,509.97
2011	0.90	6.000%			83.38	4,313.04	59.47	8,301.25
2012	0.68	***4.000%			79.43	3,517.93	50.30	8,024.67
2013	1.36	4.000%			79.43	2,690.43	50.30	7,736.79
2014	1.64	4.000%			79.43	1,829.22	50.30	7,437.22
2015	1.72	4.000%			79.43	932.92	50.30	7,125.44
2016	1.42	4.000%			79.43	0.00	50.30	6,800.96

*This is a margin we have used recently; your margin may be different.

**This interest rate reflects a 2.0% interest rate CAP every 5 years.

**This initial rate reflects a comparable discount used recently.

***This initial rate reflects a comparable premium used recently.

^The interest rate adjustment was restricted to the minimum rate.

If the term of your loan is 5 years: To see what your principal and interest payment would have been during the above period with a 2.0 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2006, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$190.44 = \$1,142.64.

If the term of your loan is 15 years: To see what your principal and interest payment would have been during the above period with a 2.0 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$79.43 = \$476.58.

If the term of your loan is 30 years: To see what your principal and interest payment would have been during the above period with a 2.0 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$50.30 = \$301.80.

The following table shows examples of 90.1 - 100% Loan To Value with a margin of 2.5%

YEAR (AS OF THE 2 ND WEEK IN NOVEMBER)	INDEX (%)	INTEREST RATE WITH 2.5* PERCENT MARGIN	5 YEAR TERM		15 YEAR TERM		30 YEAR TERM	
			MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE
2002	2.95	****5.875%	192.75	8,227.27	83.71	9,571.57	59.15	9,874.37
2003	3.36	5.875%	192.75	6,347.54	83.71	9,117.28	59.15	9,741.14
2004	3.53	5.875%	192.75	4,354.34	83.71	8,635.57	59.15	9,599.86
2005	4.52	5.875%	192.75	2,240.87	83.71	8,124.79	59.15	9,450.07
2006	4.62	5.875%	192.75	0.00	83.71	7,583.17	59.15	9,291.23
2007	3.89	6.500%			86.11	7,026.37	62.74	9,137.77
2008	2.41	6.500%			86.11	6,432.28	62.74	8,974.03
2009	2.30	6.500%			86.11	5,798.39	62.74	8,799.31
2010	1.25	6.500%			86.11	5,122.04	62.74	8,612.90
2011	0.90	6.500%			86.11	4,400.41	62.74	8,413.99
2012	0.68	***4.500%			82.04	3,597.52	53.23	8,148.43
2013	1.36	4.500%			82.04	2,757.76	53.23	7,870.66
2014	1.64	4.500%			82.04	1,879.41	53.23	7,580.15
2015	1.72	4.500%			82.04	960.72	53.23	7,276.29
2016	1.42	4.500%			82.04	0.00	53.23	6,958.48

*This is a margin we have used recently; your margin may be different.

**This initial rate reflects a comparable discount used recently.

▲The interest rate adjustment was restricted to the minimum rate.

***This interest rate reflects a 2.0% interest rate CAP every 5 years.

****This initial rate reflects a comparable premium used recently.

If the term of your loan is 5 years: To see what your principal and interest payment would have been during the above period with a 2.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2006, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$192.75 = \$1,156.50.

If the term of your loan is 15 years: To see what your principal and interest payment would have been during the above period with a 2.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$82.04 = \$492.24.

If the term of your loan is 30 years: To see what your principal and interest payment would have been during the above period with a 2.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$53.23 = \$319.38.

The following table shows examples of 100.1 - 110% Loan To Value with a margin of 3.5%

YEAR (AS OF THE 2 ND WEEK IN NOVEMBER)	INDEX (%)	INTEREST RATE WITH 3.5* PERCENT MARGIN	5 YEAR TERM		15 YEAR TERM		30 YEAR TERM	
			MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE	MONTHLY PRINCIPAL AND INTEREST	REMAINING BALANCE
2002	2.95	****6.875%	197.42	8,264.44	89.19	9,604.93	65.69	9,896.00
2003	3.36	6.875%	197.42	6,405.75	89.19	9,181.83	65.69	9,784.61
2004	3.53	6.875%	197.42	4,415.15	89.19	8,728.67	65.69	9,665.31
2005	4.52	6.875%	197.42	2,283.32	89.19	8,243.38	65.69	9,537.56
2006	4.62	6.875%	197.42	0.00	89.19	7,723.67	65.69	9,400.74
2007	3.89	7.500%			91.68	7,184.49	69.47	9,267.65
2008	2.41	7.500%			91.68	6,603.46	69.47	9,124.21
2009	2.30	7.500%			91.68	5,977.33	69.47	8,969.64
2010	1.25	7.500%			91.68	5,302.60	69.47	8,803.08
2011	0.90	7.500%			91.68	4,575.48	69.47	8,623.59
2012	0.68	***5.500%			87.40	3,757.91	59.32	8,379.95
2013	1.36	5.500%			87.40	2,894.23	59.32	8,122.59
2014	1.64	5.500%			87.40	1,981.84	59.32	7,850.71
2015	1.72	5.500%			87.40	1,017.97	59.32	7,563.48
2016	1.42	5.500%			87.40	0.00	59.32	7,260.06

*This is a margin we have used recently; your margin may be different.

**This initial rate reflects a comparable discount used recently.

†The interest rate adjustment was restricted to the minimum rate.

***This interest rate reflects a 2.0% interest rate CAP every 5 years.

****This initial rate reflects a comparable premium used recently.

If the term of your loan is 5 years: To see what your principal and interest payment would have been during the above period with a 3.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2006, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$197.42 = \$1,184.52.

If the term of your loan is 15 years: To see what your principal and interest payment would have been during the above period with a 3.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$87.40 = \$524.40.

If the term of your loan is 30 years: To see what your principal and interest payment would have been during the above period with a 3.5 percentage point margin, divide your mortgage amount by \$10,000.00; then multiply that amount by the example monthly principal and interest payment. For example: In 2016, the monthly principal and interest payment for a mortgage amount of \$60,000.00 taken out in 2002 would be: \$60,000.00 divided by \$10,000.00 = 6; 6 x \$59.32 = \$355.92.

PREPAYMENT PENALTY AND LATE CHARGES

You may prepay an ARM loan in whole or in part at any regular payment time without any penalty. You will be charged a late charge of 4% of any overdue payment of principal and interest if it is not received by Lender within 15 days after the installment is due.

ASSUMPTION OF ARM LOANS

If all or any part of the property referred to in the Mortgage is sold or transferred by you without the Lender's prior written consent, the Lender may declare the balance of the loan to be immediately due and payable. Lender will not consider any request for loan assumption.

ESCROW REQUIREMENTS

The Lender will require you to maintain an escrow account for the payment of taxes and insurance. You will be required to deposit, monthly, one-twelfth of the estimated tax and insurance charges that will become due in the ensuing year. If you fail to make the monthly required escrow payment, the Lender may declare the unpaid balance of the loan immediately due and payable.

RIGHT TO RECEIVE COPY OF APPRAISAL: We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

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

Applicant Signature

Date

Co-Applicant Signature

Date