

ADJUSTABLE RATE MORTGAGE LOAN DISCLOSURE STATEMENT

You are considering an Adjustable Rate Mortgage (referred to as an "ARM"). This means that your interest rate and monthly payments may change during the life of your loan. This disclosure describes the features of the 5/1 LIBOR ARM, 7/1 LIBOR ARM programs.

FEATURES THAT APPLY TO ALL LOAN PROGRAMS

This section contains terms which apply to all of the loan programs covered by this Loan Disclosure Statement. The subsequent sections present examples and terms unique to each loan program.

HOW YOUR INTEREST RATE IS CALCULATED

Index. The index is the one year London Interbank Offered Rate (LIBOR) as published in *The Wall Street Journal*. If the Index is no longer available, we may choose a new index which is based on comparable information. You will be given notice of any change of index. The most recent Index figure available as of 45 days before each Interest Rate Change Date is called the "Current Index".

Margin. The Margin is an amount added to the Index to establish your Interest Rate. It is expressed in percentage points. The Margin will stay the same throughout the term of the loan. Ask us about our current Margin.

Interest Rate. Starting with the first interest rate adjustment on your loan, the Interest Rate will be based on the Current Index plus the Margin, rounded to the nearest one-eighth of one percentage point, unless your Interest Rate "caps" limit the amount of change in your Interest Rate. Ask us about our current Interest Rate.

YOUR INITIAL INTEREST RATE MAY BE DIFFERENT

Your Initial Interest Rate (the Interest Rate applicable to your loan until the first interest rate adjustment) is not based on the Index and Margin used to make later adjustments. Your initial interest rate may be lower, or higher, than it would be if calculated on the same basis used to make later rate adjustments. The Index plus the Margin rounded to the nearest one-eighth of one percentage point is called the Fully-Indexed Rate. The amount by which an Initial Interest Rate is less than the Fully-Indexed Rate is called a Discount. The amount by which the Initial Interest Rate is greater than the Fully-Indexed Rate is called a Premium. If your Initial Interest Rates are subject to a Discount, beginning with the first rate adjustment on your loan, your Interest Rate may increase on the adjustment date even if the Index remains the same or declines. Ask us about our current Interest Rate, Discount or Premium. If you choose a rate commitment option which provides for a floating rate or flow down, your Initial Interest Rate may be different than the Initial Interest Rate in effect at the time of application. Whether your Initial Interest Rate has a Discount or Premium, the amount of that Discount or Premium may change as a result.

HOW YOUR INTEREST RATE CAN BE ADJUSTED

Calculation of the Interest Rate Adjustment. Each date on which your interest rate could change is called the Interest Rate Change Date. Each date on which your payment amount could change is called the Payment Change Date. The Interest Rate Change Date and the Payment Change Date for each program are described in the section of this disclosure applicable to the specific LIBOR ARM program you select. Your Interest Rate will be determined by adding the Current Index to the Margin and rounding the total to the nearest one-eighth of one percentage point, unless your interest rate "caps" limit the amount of change in your Interest Rate.

Interest Rate Caps. The Interest Rate Caps are described in the section of the disclosure applicable to the specific LIBOR ARM program you select.

HOW YOUR PAYMENT CAN CHANGE

New Payment Amount. Your monthly principal and interest payment can increase or decrease substantially each time your Interest Rate is adjusted. Your monthly principal and interest payment will be based on the Interest Rate, loan balance and remaining loan term. Any increase in the Interest Rate will take the form of a higher payment amount.

Maximum Rate and Payment Examples. Examples are provided below for loans with Discounted Initial Interest Rates. (See the section of this Disclosure that is applicable to the LIBOR ARM program you have selected.) The examples are based on a Margin, Discount or Premium that we have used recently. Your loan may have a different Margin, or Discount. Ask us for our current Interest Rates, Margins, and Discounts.

Notice of Adjustment. You will be notified in writing at least 210, but not 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 information about the adjustment, including the interest rate, payment amount and loan balance.

You will also 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. Please Read Carefully: General loan information is included at the beginning of this Loan Disclosure Statement.

5/1 YEAR LIBOR ARM

Please Read Carefully: General loan information is included at the beginning of this Loan Disclosure Statement.

Index. The index is the one year London Interbank Offered Rate (LIBOR) as published in *The Wall Street Journal*.

Interest Rate Caps. At your first interest rate adjustment, your Interest Rate cannot increase or decrease by more than 5.000 interest points. For each subsequent interest rate adjustment, your Interest Rate cannot increase or decrease by more than 2.000 percentage points. Over the term of your loan, your Interest Rate cannot increase by more than 5.000 percentage points above your Initial Interest Rate or decrease to less than the Margin on your loan.

Interest Rate and Payment Changes

The Initial Interest Rate and initial monthly payment amount will be established by your loan documents. Your interest rate and monthly payments may change as set forth below:

Interest Rate Changes: Your initial Interest Rate will be effective until your first Interest Rate Change Date, which will be the due date of your 60th monthly payment. Subsequent Rate Change Dates will occur once every 12 months thereafter during the loan term.

Payment changes: Your monthly payment may change on the first day of the month, starting on the due date of your 61st monthly payment and every twelve (12) months thereafter. Your monthly payment can increase or decrease substantially based on changes in the interest rate.

Discounted Initial Interest Rate Example

On a \$10,000.00, 30-year loan with an initial interest rate of 2.750% (equal to the 2/26/2014 Index of .553% plus a 2.75% Margin, minus a .105% premium) the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 7.750 percent, and the monthly payment can rise from an initial payment of \$40.82 to a maximum payment of \$66.84 in the 6th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000, then multiply the mortgage payment by that amount. (For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$40.82 = \244.92 per month). On a \$10,000.00, 15-year loan with an initial interest rate of 2.750% (equal to the 2/26/2014 Index of .553% plus a 2.75% Margin, minus a .105% premium), the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 7.750 percent, and the monthly payment can rise from an initial payment of \$67.86 to a maximum payment of \$85.36 in the 6th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000, then multiply the mortgage payment by that amount. (For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$67.86 = \407.16 per month).

7/1 YEAR LIBOR ARM

Please Read Carefully: General loan information is included at the beginning of this Loan Disclosure Statement.

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Interest Rate Caps. At your first interest rate adjustment, your Interest Rate cannot increase or decrease by more than 5.000 interest points. For each subsequent interest rate adjustment, your Interest Rate cannot increase or decrease by more than 2.000 percentage points. Over the term of your loan, your Interest Rate cannot increase by more than 5.000 percentage points above your Initial Interest Rate or decrease to less than the Margin on your loan.

Interest Rate and Payment Changes

The Initial Interest Rate and initial monthly payment amount will be established by your loan documents. Your interest rate and monthly payments may change as set forth below:

Interest Rate Changes: Your initial Interest Rate will be effective until your first Interest Rate Change Date, which will be the due date of your 84th monthly payment. Subsequent Rate Change Dates will occur once every twelve (12) months thereafter during the loan term.

Payment changes: Your monthly payment may change on the first day of the month, starting on the due date of your 85th monthly payment and every twelve (12) months thereafter. Your monthly payment can increase or decrease substantially based on changes in the interest rate.

Discounted Initial Interest Rate Example

On a \$10,000.00, 30-year loan with an initial interest rate of 2.900% (equal to the 2/26/2014 Index of .553% plus a 2.75% Margin, minus a .045% discount) the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 7.900 percent, and the monthly payment can rise from an initial payment of \$41.62 to a maximum payment of \$65.92 in the 8th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000, then multiply the mortgage payment by that amount. (For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$41.62 = \249.72 per month).

On a \$10,000.00, 15-year loan with an initial interest rate of 2.950% (equal to the 2/26/2014 Index of .553% plus a 2.75% Margin, minus a .045% discount), the maximum amount that the interest rate can rise under this program is 5.000 percentage points to 7.900 percent, and the monthly payment can rise from an initial payment of \$68.58 to a maximum payment of \$82.67 in the 8th year. To see what your payment would be based upon this example, divide your mortgage amount by \$10,000, then multiply the mortgage payment by that amount. (For example, the initial monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$68.58 = \411.48 per month).

Click the link below for the CFPB Consumer handbook on adjustable-rate mortgages

https://files.consumerfinance.gov/f/201401_cfpb_booklet_charm.pdf