

# 1/1 IO ARM PROGRAM DISCLOSURE - 2/2/5 CAPS

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request. During the first 12 months (the construction phase), all payments will be applied to Interest only based on the loan amount outstanding. At the end of the first 12 months, this will become a fully amortizing loan product: that means that required payments will be for principal and interest over 348 months.

## 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 following index, plus our margin:

*The weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year, published weekly in the Wall Street Journal and by the Federal Reserve Board in Statistical Release H.15 (519).*

Ask us for our current interest rate and margin. Information about the index rate can be found at:

<https://www.federalreserve.gov/releases/h15/>

If the index is no longer available at any time during the term of the loan, we (or the designated loan servicer) will choose a new index that is based upon comparable information and give you advance notice of this choice.

[X] If this box is checked, 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 or premiums.

## How Your Interest Rate Can Change

Your interest rate will not change for the first **24** months of your loan. After the first **24** months of your loan the adjustable interest rate you will pay may change; it may then change every **12** months thereafter. Each date on which your interest rate can change is called a "Change Date" and will be described in your loan documents.

Beginning with the first Change Date, your adjustable interest rate will be based on the index described above. Before each Change Date your new interest rate will be calculated by adding a margin to the current value of the index, rounded up or down to the nearest **0.125%**. Subject to the limits described below, this rounded amount will be your new interest rate until the next Change Date. Your interest rate will never be lower than the margin.

On the first Change Date, your interest rate cannot increase or decrease more than **2.000%**. Thereafter, your adjustable interest rate will never be increased or decreased on any single Change Date by more than **2.000%**. Over the term of the loan, your interest rate cannot increase or decrease more than **5.000%**. Additionally, your interest rate will never be lower than the margin of **3.500%**.

## How Your Payment Can Change

Following the initial **24** months of your loan, your monthly payment can increase or decrease substantially every **12** 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.

**FOR EXAMPLE:** On a **\$10,000, 30-year** term loan, with an initial interest rate of **7.500%** (the initial interest rate in effect 1/2/26, which is not based on the index in effect for January 2026), over the life of the loan the interest rate can increase **5.000%**, to a maximum rate of **12.500%**. The monthly payment can increase from a first-year monthly payment of **\$31.25** to a maximum monthly payment of **\$105.93** in the **5th** year. To see what your monthly payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by the resulting number.

**FOR EXAMPLE:** The initial monthly payment for a mortgage amount of \$60,000 would be calculated as follows: \$60,000 divided by \$10,000 = 6; 6 times **\$31.25** = **\$187.50** per month.

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 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 loan **does not** include a demand feature.

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. I/We have received a copy of the Consumer Handbook on Adjustable Rate Mortgages (CHARM booklet).

**THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND.**

_____	_____	_____	_____
Borrower -	Date	Borrower -	Date