

Lender: **Fannin Bank**

## **ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE**

**LO Company NMLS ID 445457**

### **5/1 Adjustable Rate**

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.

This disclosure does not constitute a commitment to make a loan to you. If you eventually obtain a loan, the note, security instrument and related documents will establish your legal rights and obligations regarding the loan.

#### **How your interest rate and payment are determined:**

- Your payment will be based on the interest rate, loan balance, and loan term.
- The interest rate will be based on the Wall Street Journal Prime Rate, the base rate on corporate loans posted by at least 70% of the nation's 10 largest banks plus our margin and rounding the result to the nearest one-thousandth of one percentage point (0.001%). Ask us about our current interest rate and margin.
- Information about the index is published daily in the Money Rates section of The Wall Street Journal.
- Your initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of the current premium on our adjustable rate mortgages.
- Your index will be the most recent figure available as of the date 60 days before each Change Date. If the Index is discontinued, we may use a comparable index.

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

- Your maximum interest rate will not exceed 18.000%
- Your interest rate will never be less than 5.950%
- Your interest rate is fixed for the first sixty month(s), after which the interest rate can change every 12 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 may increase or decrease substantially depending 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 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.

- For example, on a \$10,000 twenty-year loan with an initial interest rate of 5.950% (the index plus margin of 0.250% in effect on December 20, 2018, adjusted by the amount of the premium) the maximum amount that the interest rate can rise under this program is 12.050 percentage points, to 18.000 percent, and the monthly payment can rise from a first-year payment of \$71.65 to a maximum of \$132.47 in the seventh year. To see what your payment is, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be:  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$71.65 = \$429.90$  per month.)

**Additional features:**

- This loan does not have a conversion option to a fixed interest rate.
- A one-quarter percent (0.25%) initial interest rate discount is available with automatic payments from a Fannin Bank checking or savings account. The interest rate will never be less than 5.70% under this program.

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Borrower

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Borrower