

5/6, 7/6 & 10/6 SOFR ARM Disclosure
(Conforming & Jumbo loans)

THIS DISCLOSURE DESCRIBES FEATURES OF AN ADJUSTABLE RATE MORTGAGE (“ARM”) LOAN PROGRAM CURRENTLY OFFERED BY LENDER IN WHICH YOU HAVE EXPRESSED AN INTEREST. IT COVERS LOANS FOR WHICH THE INTEREST RATE AND PAYMENT REMAIN UNCHANGED FOR THE FIRST 10 YEARS (10/6 ARMS) FIRST 7 YEARS (7/6 ARMS) OR FIRST 5 YEARS (5/6 ARMS). THIS PROGRAM MAY BE DISCONTINUED OR CHANGED IN WHOLE OR PART AT ANY TIME AT LENDER'S OPTION.

This disclosure is not a contract and does not constitute a commitment by the Lender to make a loan to you.

ADJUSTABLE RATE MORTGAGE MEANS YOUR PAYMENT MAY CHANGE IN THE FUTURE

The type of loan you have expressed interest in is called an Adjustable Rate Mortgage (ARM). This means that your interest rate and monthly payments may change during the life of your loan. Your monthly payments may increase if the interest rate rises and decrease if it falls.

An ARM loan is different from a fixed-rate mortgage loan. For a fixed-rate loan, the monthly payments of principal and interest do not change during the life of the loan. You should carefully consider which type of loan is best for you.

HOW YOUR INTEREST RATE IS DETERMINED: Your interest rate is determined by means of an index that may change from time to time.

INDEX

Beginning with the first Change Date, your interest rate will be based on an Index plus a margin. The Index is the 30 day Average Secured Overnight Financing Rate (SOFR) offered by the Federal Reserve Bank of New York. The most recent Index figure available as of the date 45 days before each Change Date is called the Current Index. If the Index is deemed to be no longer available, the Lender will choose a new Index based on comparable information.

INITIAL INTEREST RATE

Your initial interest rate may not be based on the index and margin that may be used to make later adjustments. Ask us for the current amount of our adjustable interest rate discounts or premiums.

DETERMINING YOUR INTEREST RATE (5/6 ARM)

Your interest rate will be determined by adding the index to the margin and rounding the total up to the nearest one-eighth of one percentage point (0.125%), unless your interest rate "caps" limit the amount of change in your interest rate. The date on which your interest rate can be adjusted is called the “Change Date”. The first Change Date will occur on the 61st payment due date. Subsequent Change Dates will occur every 6 months thereafter. Your interest rate cannot increase or decrease more than two percentage points (2.0%) at the first Change Date, or more than one percentage points (1.0%) at any subsequent Change Date. Your interest rate cannot increase more than five percentage points (5.0%) over the life of your loan and cannot decrease below the margin.

You should ask us for the current interest rate and current margin value.

DETERMINING YOUR INTEREST RATE (7/6 & 10/6 ARM)

Your interest rate will be determined by adding the index to the margin and rounding the total to the nearest one-eighth of one percentage point (0.125%), unless your interest rate "caps" limit the amount of change in

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your interest rate. The date on which your interest rate can be adjusted is called the “Change Date”. The first Change Date will occur on the 85th payment due date (for 7/6 ARMs) or the 121st payment due date (for 10/6 ARMs). Subsequent Change Dates will occur every 6 months thereafter. Your interest rate cannot increase or decrease more than five percentage points (5.0%) at the first Change Date, or more than one percentage points (1.0%) at any subsequent Change Date. Your interest rate cannot increase more than five percentage points (5.0%) over the life of your loan, and cannot decrease below the margin. You should ask us for the current interest rate and current margin value.

HOW YOUR PAYMENT IS DETERMINED

Your interest rate is based on the index plus a margin and your payments will be based on the interest rate, loan balance and remaining loan term. Payment amounts are rounded to the nearest cent (\$0.01). Your payment is payable monthly.

5/6 ARM

Your payment can adjust once every six months, after the initial five-year fixed-rate period, based on changes in the interest rate.

7/6 ARM

Your payment can adjust once every six months, after the initial seven-year fixed-rate period, based on changes in the interest rate.

10/6 ARM

Your payment can adjust once every six months, after the initial ten-year fixed-rate period, based on changes in the interest rate

Any increase in the interest rate will take the form of a HIGHER payment amount. Your new payment amount will be due on the first monthly payment date after a 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.

MAXIMUM RATE AND PAYMENT (5/6, 7/6 & 10/6 ARMs with 15 & 30 year terms)

The table on the next page sets out the Initial and Maximum Interest Rates and Payment amounts and the loan year in which the maximum payment will be reached for each of the ARM loan products listed. The example is based on a \$10,000 loan. Your monthly payment may increase or decrease substantially depending on changes in the interest rate.

The Margin listed in the table below is the margin Lender has recently used; your margin may be different. Ask us about our current interest rates and margins.

ARM Product	5/6 ARM C30	7/6 ARM C30	10/6 ARM C30	5/6 ARM C15	7/6 ARM C15	10/6 ARM C15	5/6 ARM J30	7/6 ARM J30	10/6 ARM J30	5/6 ARM J15	7/6 ARM J15	10/6 ARM J15
Loan Size *	Conforming						Non-Conforming (Jumbo)					
Loan Term (years)	30	30	30	15	15	15	30	30	30	15	15	15
Margin	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%

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Index **	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%	1.287%
Initial Interest Rate	5.375%	5.500%	5.625%	5.375%	5.500%	5.625%	5.375%	5.500%	5.625%	5.375%	5.500%	5.625%
Initial Monthly Payment	\$56.00	\$56.78	\$57.57	\$81.05	\$81.71	\$82.37	\$56.00	\$56.78	\$57.57	\$81.05	\$81.71	\$82.37
Maximum Interest Rate	10.375%	10.500%	10.625%	10.375%	10.500%	10.625%	10.375%	10.500%	10.625%	10.375%	10.500%	10.625%
Maximum Monthly Payment	\$90.54	\$91.47	\$92.41	\$109.77	\$110.54	\$111.32	\$90.54	\$91.47	\$92.41	\$109.77	\$110.54	\$111.32
Loan Year in Which Max Payment May Be Reached	7th	8th	11th	7th	8th	11th	7th	8th	11th	7th	8th	11th
Initial Rate Cap	2.000%	5.000%	5.000%	2.000%	5.000%	5.000%	2.000%	5.000%	5.000%	2.000%	5.000%	5.000%
Periodic Rate Cap	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Lifetime Rate Cap	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%

*JUMBO loan is a mortgage for higher loan balances above conforming loan limits as published by the Federal Housing Finance Agency (FHFA).

** The Index Value is as of 7/8/2022

CALCULATING YOUR PAYMENTS

To see what your payments would be based on the Initial Interest Rate (from the applicable 5/6, 7/6 or 10/6 ARM table above), divide your desired loan amount by \$10,000; then multiply the result by the Initial Monthly Payment amount (also from the same table). For example, the Initial Monthly Payment for a 30 year, \$150,000 7/6 ARM loan with a 5.5% Initial Interest Rate would be: \$150,000 divided by \$10,000 = 15; 15 x \$56.78 = \$851.68 payment.

NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS

You will be notified at least 60, but not more than 120 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.