

FHA ADJUSTABLE RATE MORTGAGE (ARM) LOAN PROGRAM DISCLOSURE FHA 5/1 ARM DISCLOSURE

BORROWER(S):

DATE:

CASE #:

LOAN #:

PROPERTY ADDRESS:

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Information about our other ARM programs will be provided upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

- Your interest rate will be based on an index rate plus a margin. Please ask us for our current interest rate and margins.
- The index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Index values are published by the Federal Reserve in Statistical Release H.15, Selected Interest Rates.
- Your initial interest rate is not based on the index used to make later adjustments. If the initial interest rate is below the sum of the then-current index plus margin (the "fully indexed rate"), then the initial interest rate will be a "discounted" interest rate. If the initial interest rate is above the fully indexed rate, then it will be a "premium" interest rate. Please ask us for our current interest rate discounts and premiums.
- Your payment will be based on the interest rate, loan balance, and remaining loan term.

HOW YOUR INTEREST RATE AND PAYMENT CAN CHANGE:

- Your interest rate can change for the first time between the date of your 60th monthly payment and no later than your 66th monthly payment. After your first interest rate change, you interest rate will change annually.
- Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:
 - Your interest rate will be rounded to the nearest 1/8 percent.
 - Your interest rate will not increase or decrease more than 1.000% per adjustment.
 - Your interest rate will not increase or decrease more than 5.000% over the term of the loan.
 - Your interest rate will never be lower than the margin.
- Your payment can change each time the interest rate changes and can increase or decrease substantially based on changes in the interest rate. You will be notified in writing at least 25 but no more than 120 days before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount, and loan balance.

The examples below illustrate interest rate and payment changes based on a \$10,000, 30-year loan. These examples use an initial interest rate in effect on the 14th day of January, 2011, and assume the maximum periodic increases in rates and payments at the earliest time permitted under the ARM program. The maximum amount the interest rate can rise under this program is five percentage points (5.0%).

	Example of FHA 5/1 ARM With A Discounted Interest Rate (Below Sum of Index And Margin)	Example of FHA 5/1 ARM With A Premium Interest Rate (Above Sum of Index And Margin)
Initial Interest Rate	Not Available	3.250%
Maximum Interest Rate	Not Available	8.250%
Monthly Payment During First Five Years	Not Available	\$43.52
Monthly Payment During Sixth Year	Not Available	\$49.19
Monthly Payment During Seventh Year	Not Available	\$55.22
Monthly Payment During Eighth Year	Not Available	\$61.57
Monthly Payment During Ninth Year	Not Available	\$68.22
Maximum Monthly Payment	Not Available	\$75.13 in the 10th year

Note: To see what your payments would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a \$60,000 FHA 5/1 ARM loan with a premium interest rate would be: $\$60,000/\$10,000 = 6$; $6 \times 43.52 = \$261.12$ per month.)