



P.O. Box 15115 ▼ Tucson, Arizona 85708

## **Adjustable Rate Mortgage Disclosure**

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This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

### **HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED**

Your interest rate will be based on an index rate plus a margin. The margin you receive is based on your creditworthiness and the amount of equity in your property. We have recently used a margin of 2.35%, although the margin for which you qualify may be lower or higher. The index rate will be based on the highest Prime Rate in the "Money Rates" column of The Wall Street Journal. Ask us for the current index rate, margin and interest rate. Information about the index rate is published daily in The Wall Street Journal. Your payment will be based on the interest rate, loan balance and loan term.

### **HOW YOUR INTEREST RATE CAN CHANGE**

Your interest rate can change every three, five or seven years on the loan's anniversary date based on changes in the Prime Rate. We will use the most recently available index value available to us as of 45 days before the interest rate change date. Over the term of the loan your interest rate will never be greater than 17.99% per year or less than 4.50%.

### **HOW YOUR PAYMENT CAN CHANGE**

Your monthly payment can change substantially after the initial three, five or seven year period. Payments may increase or decrease substantially based on changes in the interest rate.

For example, on a \$10,000.00 loan with a 15 year term with an initial interest rate of 9.6% in effect for the first three years beginning January 1, 2008, the maximum amount that the interest rate can increase under this program is 17.99%. The monthly payment can rise from a first year payment of \$105.03 to a maximum of \$152.19 in the 4<sup>th</sup> year.

For example, on a \$10,000.00 loan with a 15 year term with an initial interest rate of 9.6% in effect for the first five years beginning January 1, 2008, the maximum amount that the interest rate can increase under this program is 17.99%. The monthly payment can rise from a first year payment of \$105.03 to maximum of \$145.58 in the 6<sup>th</sup> year.

For example, on a \$10,000.00 loan with a 15 year term with an initial interest rate of 9.6% in effect for the first seven years beginning January 1, 2008, the maximum amount that the interest rate can increase under this program is 17.99%. The monthly payment can rise from a first year payment of \$105.03 to maximum of \$138.39 in the 8<sup>th</sup> year.

To see what your payments would be, divide your mortgage amount by \$10,000.00; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of \$60,000.00 would be:  $60,000/10,000=6$ ;  $6 \times \$105.03 = \$630.18$  per month.

You will be notified at least 25, but not more than 120, calendar days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount and loan balance.