

# PRIMEBANK

37 1st Ave NW, Le Mars, IA 51031 712-546-4175

## ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE CMT Index - 1 Year Fixed - 30 Years Fully Amortized

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. What this means is that the interest rate varies in relation to changes (increases or decreases) in an interest rate index. Interest rate changes may cause changes in scheduled payments and/or in the term of your Loan. Information on other ARM programs are available from your lender and 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 margin. Your initial interest rate will also reflect a discount. Please ask us about our current interest rate discount.

The index rate is the weekly average yield for 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.

Your interest rate will equal the index rate plus our margin, unless your interest rate "caps" limit the amount of change in the interest rate.

Your payment will be based on the interest rate, loan balance, and remaining loan term.

### HOW YOUR INTEREST RATE CAN CHANGE:

Your interest rate can change every 12 month(s) to the index value plus the margin, subject to the following limits:

Your interest rate cannot increase or decrease more than 2.000% per adjustment.

Your interest rate cannot increase to more than 15.000% over the term of the loan.

Your interest rate cannot decrease to less than 5.000% over the term of the loan.

### HOW YOUR PAYMENT CAN CHANGE:

Your payment can increase or decrease substantially based on periodic changes in the interest rate.

Your payment can change each interest rate change.

### INTEREST RATE AND PAYMENT EXAMPLE:

For example, on a new \$10,000, 360-month loan with an initial interest rate of 5.500%, in effect Jan 10, the maximum amount that the interest rate could rise under this program is 9.500%, to 15.000%, and the payment amount could rise from a beginning payment of \$56.78 to a maximum of \$122.87 (at payment 61), with a \$122.87 final payment.

### NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS:

You will be notified in writing at least 25, but no more than 120, days before a payment adjustment may be made. This notice will contain information about your index and interest rates, payment amount, and loan balance.

If an interest rate adjustment occurs and does not affect your payment amount, you will be notified once each year of any such interest rate adjustment made to your loan.

### HISTORICAL EXAMPLE OF A \$10,000 LOAN USING HISTORICAL INDEX VALUES

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1996 to 2010. This does not necessarily indicate how your index will change in the future. For simplicity, the example assumes that the index changed only once per year and is based on these additional assumptions:

Loan amount \$10,000.00  
Amortization period 360 months  
\*Interest rate margin 4.000%

Interest adjustment every 12 month(s)  
Payment adjustment each interest rate change  
Initial interest rate 5.300%

Year	Index Value	Margin	Interest Rate	Monthly Payment	Loan Balance
1996	5.300%	4.000%	5.300% *****	12 at 55.53	9860.27
1997	5.500%	4.000%	7.300% **	12 at 68.25	9757.64
1998	5.550%	4.000%	9.300% **	12 at 81.73	9681.15
1999	4.630%	4.000%	8.630%	12 at 77.20	9586.59
2000	5.970%	4.000%	9.970%	12 at 86.17	9504.68
2001	5.440%	4.000%	9.440%	12 at 82.65	9405.97
2002	2.280%	4.000%	7.440% **	12 at 70.15	9259.10
2003	1.410%	4.000%	5.440% **	12 at 58.87	9051.24
2004	1.280%	4.000%	5.280%	12 at 58.04	8827.35
2005	2.710%	4.000%	6.710%	12 at 65.41	8628.77
2006	4.370%	4.000%	8.370%	12 at 74.17	8454.32
2007	4.960%	4.000%	8.960%	12 at 77.30	8277.02
2008	3.420%	4.000%	7.420%	12 at 69.55	8048.98
2009	0.400%	4.000%	5.420% **	12 at 60.47	7752.31
2010	0.470%	4.000%	5.000% ****	12 at 58.74	7427.70

\* This is a margin we have used recently. Your margin may be different.

\*\* This interest rate reflects an interest maximum adjustment cap of 2.000%.

\*\*\* This interest rate reflects an interest lifetime adjustment maximum of +9.700% to 15.000%.

\*\*\*\* This interest rate reflects an interest lifetime adjustment minimum of -0.300% to 5.000%.

\*\*\*\*\* This interest rate reflects an initial discount of 4.000%, which we have used recently. Your discount may be different.

To see what your payments (excluding escrow fees) would have been during that period, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, in 2010 the loan payment for a mortgage amount of \$60,000 taken out in 1996 would be: \$60,000 / \$10,000 = 6; 6 x \$58.74 = \$352.44).

**DEMAND:** This obligation has a demand feature.

**LATE CHARGE:** If a payment is 16 days or more late, there will be a charge of 5.000% of the unpaid portion of the scheduled payment.

**PREPAYMENT:** If you pay off the loan early, you will not have to pay a penalty.

**ASSUMPTION:** Someone buying your home cannot assume the remainder of the mortgage on the original terms.