# VARIABLE RATE MORTGAGE PROGRAM DISCLOSURE

(This is neither a contract nor a commitment to lend.)

LENDER: Mt. McKinley Bank VARIABLE RATE MORTGAGE PROGRAM: Construction ARM Loan

This disclosure describes the features of the adjustable rate mortgage (ARM) 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 plus a margin.
- Your payment will be based on the interest rate and the advanced loan balance.
- The index used to determine your initial interest rate and/or all adjustments is the Prime Rate as published in the Wall Street Journal on the last business day of the month.

**NOTE:** If the index for your variable rate mortgage loan is no longer available, the Lender will choose a new index which is based on comparable information.

- Your monthly payment will be interest only.
- Your interest rate will equal the index plus our margin.

Ask us for our current interest rate margin. (The margin we have used recently is 2% your margin may be different)

## HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change in the first month initially, and every month thereafter.
- Your interest rate will be rounded off to the nearest .1250% at each adjustment.
- There are no caps on the interest rate increases or decreases on this loan.

### HOW YOUR PAYMENT CAN CHANGE

- Your monthly interest payment can increase or decrease substantially based on monthly changes in the interest rate.
- Each month a Payment Notice will be sent to you.

EXAMPLE: On a \$10,000\*, 18 month loan with an initial interest rate of 5.25%, the maximum amount the interest rate has been over the past fifteen years is 10.00%, and the payment can raise from a first-month payment of \$43.75 to a maximum of \$83.33 in the second month.

\*Based on advanced construction funds

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  $60,000 \div 10,000 = 6$ ; 6 X 43.75 = 262.50 per month.)

Your monthly interest payment will increase as additional funds are advanced.

### ADDITIONAL FEATURES OF YOUR VARIABLE RATE MORTGAGE PROGRAM

- Someone buying this property cannot assume the remaining balance due under the original mortgage terms
- This Variable Rate Mortgage Program Disclosure does have a Demand Feature.

I/We hereby acknowledge receipt of this Variable Rate Mortgage Program Disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages on the date indicated below.

Borrower	Date	Borrower	Date	
Borrower	Date	Borrower	Date	