

VARIABLE RATE MORTGAGE PROGRAM DISCLOSURE

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

LENDER: Leominster Credit Union

VARIABLE RATE MORTGAGE PROGRAM: 5 Year Fixed, 1 Year Adjustable, 30 Year Maturity

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.
- This variable rate mortgage loan has a discount feature, and your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount or premium amount.
- This type of ARM loan carries a provision for a change in: the Interest Rate the Monthly Payment the Loan Term.
- Your payment will be based on the interest rate, loan balance and loan term.
- This loan program has an initial interest-only period in which the scheduled payments will only cover the amount of interest that has accrued. This means that during the interest-only period, your scheduled payments will not reduce the loan balance. The length of the interest-only period is _____.
- After the interest-only period is over, you will begin to make payments that include principal as well as interest. The length of the principal-and-interest period is _____.
- During the initial interest-only period, your monthly payment will be based on the interest rate and loan balance. During the principal-and-interest period, your monthly payment will be based on the interest rate, loan balance, and remaining loan term.

The index used to determine your initial interest rate and/or all adjustments is: The weekly average yield on United States Treasury Securities adjusted to a constant maturity of 1 year

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.

Information about the index can be found: Made available by the Federal Reserve Board in the Selected Interest Rate Publication H15 and as published in The Wall Street Journal.

Your interest rate will be equal to index plus a margin

Ask us for our current interest rate and margin.

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change after 60 months, and every 12 months thereafter.
- Your interest rate cannot increase more than 2 percentage point(s) at the initial adjustment.
- Your interest rate cannot decrease more than 2 percentage point(s) at the initial adjustment.
- Your interest rate cannot increase more than 2 percentage point(s) at each periodic adjustment.
- Your interest rate cannot decrease more than 2 percentage point(s) at each periodic adjustment.
- Your interest rate cannot increase more than 5 percentage point(s) over the term of the loan.
- Your interest rate cannot decrease more than 5 percentage point(s) over the term of the loan.
- Your interest rate will never be greater than _____ % or less than _____ % over the term of the loan.
- Your interest rate will be rounded off to the nearest next highest next lowest 1/8 of 1 % at each adjustment.
- This variable rate loan utilizes interest rate carryover.

EXAMPLE: _____

HOW YOUR PAYMENT CAN CHANGE

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

Your payment will not increase more than 2 percentage point(s) or \$ _____, at each adjustment.

You will be notified in writing at least 30 days before the interest adjustment may be made. This notice will contain information about your interest rates, payment amount and loan balance.

EXAMPLE: On a \$10,000, 30 year loan with an initial interest rate of 5.875 % in effect in April, 2008, the maximum amount that the interest rate can rise under this program is 5 percentage points, to 10.875 %, and the monthly payment can rise from a first-year payment of \$ 59.15 to a maximum of \$ 90.23 in the 8th year.

EXAMPLE: On a \$10,000, _____ year loan with an initial interest rate of _____ %, the maximum amount that the interest rate can rise under the program is _____ percentage points to _____ %.

The maximum interest rate could be reached in the _____ year. During the interest-only period, the interest-only payment can rise from a first year payment of \$ _____ to a maximum of \$ _____ in the _____ year.

During the principal-and-interest period, the principal-and-interest payment can start as high as \$ _____ and can rise to a maximum of \$ _____ in the _____ year.

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 mortgage amount of \$ 60000 would be: \$ 60000 ÷ \$10,000= 6 ; 6 x \$ 59.15 = \$ 354.90 per month.)

Any increase in interest will take the form of a larger amount due at maturity higher payment amount or more payments of the same amount.

This variable rate loan program has a negative amortization feature. An increase in your interest rate will result in your loan being negatively amortized, and the following will apply: _____

YOUR INTEREST RATE CONVERSION OPTION

This variable rate mortgage loan program has an option for you to convert your variable interest rate to a fixed interest rate. You should be aware that if you exercise this option, the interest rate may be increased from the variable rate you have been paying.

If you choose this conversion option, you may only convert if certain conditions are met. These conditions are:

- 1.
- 2.
- 3.
- 4.

You may only convert to a fixed interest rate on _____, and only during the following time period: _____

Your new fixed interest rate will be determined by: _____

ADDITIONAL FEATURES OF YOUR VARIABLE RATE MORTGAGE PROGRAM

Someone buying this property cannot assume the remaining balance due under original mortgage terms may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

This Variable Rate Mortgage Program Disclosure does does not have a Demand Feature.

The Demand Feature is subject to the following: _____

Additional features: _____

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

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