

EARLHAM SAVINGS BANK

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Lender

EARLHAM SAVINGS BANK 15-YEAR ARM WITH 3-YEAR ADJUSTABLE RATE

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

- * This loan program has an adjustable rate feature. This means that your interest rate and payment amount can change.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

- * Your interest rate will be based on an index.
- * Your monthly payment will be based on the interest rate, loan balance, and remaining loan term.
- * Your payment will be rounded to the nearest \$0.01.
- * The interest rate will be based on EARLHAM SAVINGS BANK R 15-3 INTERNAL INDEX. THIS INDEX IS SET AND CHANGED AT THE BANK'S DISCRETION. (EARLHAM SAVINGS BANK R 15-3 INTERNAL INDEX). Ask us for our current interest rate.
- * Information about the index is AVAILABLE FROM THE EBANK LENDING STAFF.
- * Your interest rate will equal the index rate, unless your interest rate "caps" limit the amount of change in the interest rate.

HOW YOUR INTEREST RATE CAN CHANGE

- * Your interest rate can change every 36 months.
- * Your interest rate cannot increase or decrease more than 3.000 percentage point(s) at each adjustment.
- * Your interest rate will never be greater than 19.000 percent.
- * Your interest rate will never be less than 4.000 percent.

HOW YOUR PAYMENT CAN CHANGE

- * Your payment can change every 36 payment(s) based on changes in the interest rate.
- * Your monthly payment may increase or decrease substantially based on changes in the interest rate.
- * You will be notified in writing at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- * You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- * For example, on a \$10,000 15-year loan with an initial interest rate of 4.700 in effect in March 2015, the maximum amount that the interest rate can attain under this program is 16.700 percent, and the monthly payment can rise from an initial payment of \$77.53 to a maximum of \$115.35 in the 145th month (12 years, 1 month). 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 \$60,000 would be: $\$60,000 / \$10,000 = 6$; $6 \times \$77.53 = \465.18 per month).

EXAMPLE

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 2001 to 2015. This does not necessarily indicate how your index will change in the future.

The example is based on the following assumptions:

Amount of Loan:	\$10,000.00
Term:	15 years
Payment Adjustment:	Every 36 payment(s)
Interest Adjustment:	Every 36 months
Caps	
Periodic Interest Rate (increases or decreases):	3.000 percentage point(s) at each adjustment
Lifetime Interest Rate (ceiling):	Interest rate will never be greater than 19.000 percent
Lifetime Interest Rate (floor):	Interest rate will never be less than 4.000 percent
Index:	EARLHAM SAVINGS BANK R 15-3 INTERNAL INDEX. THIS INDEX IS SET AND CHANGED AT THE BANK'S DISCRETION.

YEAR As of THE FIRST DAY OF March	INDEX (%)	MARGIN (%)	INTEREST RATE (%)	MONTHLY PAYMENT (\$)	REMAINING BALANCE (\$)
2001	6.950	0.000	6.950	89.60	9,607.46
2002	6.500	0.000	6.950	89.60	9,186.75
2003	5.750	0.000	6.950	89.60	8,735.86
2004	5.100	0.000	5.100	81.24	8,193.96
2005	5.250	0.000	5.100	81.24	7,623.77
2006	6.000	0.000	5.100	81.24	7,023.81
2007	6.800	0.000	6.800	87.13	6,437.82
2008	6.000	0.000	6.800	87.13	5,810.73
2009	5.250	0.000	6.800	87.13	5,139.64
2010	5.750	0.000	5.750	84.57	4,401.06
2011	5.000	0.000	5.750	84.57	3,618.87
2012	5.000	0.000	5.750	84.57	2,790.49
2013	4.625	0.000	4.625	83.16	1,902.98
2014	5.000	0.000	4.625	83.16	973.51
2015	4.700	0.000	4.625	83.16	0.00

To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount (for example, in 2015 the monthly payment for a mortgage amount of \$60,000 taken out in 2001 would be: $\$60,000 / \$10,000 = 6$; $6 \times \$83.16 = \498.96 per month).

This is not a commitment to make a loan.