



Adjustable-Rate Mortgage Loan Program Disclosure

Citizens Bank currently offers the following adjustable-rate mortgages:

- Owner Occupied 1st mortgage 1/1, 3/3
- Owner Occupied 2nd mortgage 1/1, 3/1
- Non-Owner Occupied 1st mortgage 3/1
- Non Residential 3/3

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. This disclosure statement is not a contract and does not constitute a commitment to make a loan to you. Additional information on 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 initial interest rate reflects a discount and may not necessarily be tied to the index and margin that is used to make later adjustments.
- 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 loan term. The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year (your index), plus our margin. Ask for our current interest rate and margin.
- Information about the index rate is published weekly in the Wall Street Journal.

How Your Interest Rate Can Change

- Each date on which your interest rate can change is called a “Change Date.”
- Your interest rate can change yearly. See below for additional information pertaining to the ARM terms offered.
- Your interest rate cannot increase or decrease more than 2 percentage points per year.
- Your interest rate cannot increase or decrease more than 6 percentage points over the term of the loan.

Interest Rate Change Date for 1/1 ARM: Your interest rate will not change for the first 1 year of the loan. The interest rate may change every year after the 1st year.

Interest Rate Change Date for 3/1 ARM: Your interest rate will not change for the first 3 years of the loan. The interest rate may change every year after the 3rd year.

Interest Rate Change Date for 3/3 ARM: Your interest rate will not change for the first 3 years of the loan. The interest rate may change every 3 years after the initial change.

How Your Monthly Payment Can Change

- Your monthly payment can change at the first Change Date. For 1/1 or 3/1 ARMS the monthly payment can change every year after the first change, and for 3/3 ARMS the monthly payment can change every 3 years after the first change, based on changes in the interest rate.
- Your monthly payments can increase or decrease substantially based on annual changes in the interest rate.
- You will be notified at least 210 days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. You will also be notified at least 60 days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. These notices will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

Example 1/1 ARM

Loan Amount \$10,000
Loan Term 30 years
Initial Interest Rate 3.125%
Margin 3.00%
Index .125%
Caps 2% / 6%

The maximum amount that the interest rate can increase is 6 percentage points to 9.125%. The monthly payment can increase from the initial payment of \$42.86 (for the first year) to a maximum of \$81.40 after the 3rd year.

Example 3/1 ARM

Loan Amount \$10,000
Loan Term 30 years
Initial Interest Rate 4.500%
Margin 4.00%
Index .50%
Caps 2% / 6%

The maximum amount that the interest rate can increase is 6 percentage points to 10.50%. The monthly payment can increase from the initial payment of \$50.67 (for the first 3 years) to a maximum of \$91.47 after the 6th year.

Example 3/3 ARM

Loan Amount \$10,000
Loan Term 30 years
Initial Interest Rate 3.750%
Margin 3.00%
Index .75%
Caps 2% / 6%

The maximum amount that the interest rate can increase is 6 percentage points to 9.750%. The monthly payment can increase from the initial payment of \$46.31 (for the first 3 years) to a maximum of \$85.92 after the 12th year.

To determine what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For this example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000) = 6$, and $(6 \times \$53.38) = \320.28 per month.

*This is an example on payments based on \$10,000 loan amount fixed for 30 years at an initial margin and index in effect at the time this disclosure was created. Your margin and index may be different, as changes in the rate may increase or decrease substantially. Ask for our current margin value and index.

