

**ADJUSTABLE RATE MORTGAGE
LOAN PROGRAM DISCLOSURE**

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5/1 ARM

This information describes some of the terms and conditions of an Adjustable Rate Mortgage ("ARM") loan program that is currently being offered by Morgantown Bank & Trust Co Inc. ("Lender"), and which you are considering. Lender reserves the right to discontinue, or to modify, in whole or in part, at any time, the loan program that is described herein. This ARM disclosure is not a commitment by Lender to make a loan to you.

An Adjustable Rate Mortgage loan permits Lender, by the terms of the agreement and in relation to an index or formula, to increase or decrease the interest rate, payment amounts, and/or term of the loan after the loan has been consummated ("closed"). The date on which your interest rate and/or payment can change is called the "Change Date." Scheduled payment periods are called "your payments."

LOAN PROGRAM NAME. This disclosure describes the features of the ARM program that you are considering. The name of this loan program is **5/1 ARM**. Information on Lender's other ARM programs is available on request.

HOW YOUR INTEREST RATE IS DETERMINED. Beginning with the first Change Date, your interest rate will be based on an Index plus a margin. The Index for this loan program is the base rate on corporate loans posted by at least 75% of the 30 largest US banks known as the Wall Street Journal Prime Rate. Information about the Index rate is published in the Wall Street Journal. If the Index is no longer available, Lender will select a new Index which is based on comparable information. Ask us for our current interest rate and margin. The initial interest rate for this loan program is a discount rate and is not determined by the same method used to make later adjustments. The initial discount rate will be in effect for 60 payments. Ask us for the amount of the current discount.

HOW YOUR INTEREST RATE CAN CHANGE. Your first interest rate adjustment will be after 60 months. Thereafter, your interest rate can change annually (every 12 payments). Your interest rate will never be greater than 12.700% during the term of the loan. Your interest rate will never be less than 4.000% during the term of the loan. Your interest rate cannot increase by more than 2.000 percentage points at the first rate adjustment. Thereafter, your interest rate cannot increase by more than 2.000 percentage points at any rate adjustment. Your interest rate cannot decrease by more than 2.000 percentage points at the first rate adjustment. Thereafter, the interest rate cannot decrease by more than 2.000 percentage points at any rate adjustment.

This loan program is subject to automatic interest rate adjustments: decreases in the Index used to make interest rate adjustments will, subject to any limitations described above, result in a reduced interest rate; increases will, at Lender's discretion and subject to any limitations, result in increases in the interest rate. In the event that Lender elects not to implement a permissible increase in the interest rate, Lender reserves the right to implement the increase at a later time.

HOW YOUR PAYMENTS CAN CHANGE. Your payments will be determined by the interest rate, loan balance, and the remaining loan term. An increase in the interest rate will result in higher payment amounts. Your payments can increase or decrease substantially based on changes in the interest rate. Payments are due monthly. The first payment change for this loan program does not occur with the same frequency as later payment changes. The first payment change for this loan program will occur after 60 months (60 payments). Thereafter, your payments can change annually (every 12 payments). If you still owe amounts on your loan on the maturity date, you will pay those amounts in full on that date.

ADDITIONAL LOAN PROGRAM FEATURES. Someone buying your home cannot assume the remainder of your loan on the original terms.

EXAMPLES. To give you an example of how this loan program would work, if you had a \$10,000.00 loan with an initial rate of 6.700%, the rate in effect as of the year of, 2022, the maximum amount that the interest rate can rise is 6.000 percentage points to 12.700%. If your payments were due monthly and your loan term was for:

- 15 years, amortized over 180 payments, your payment could rise from a first-year payment of \$88.21 to a maximum of \$111.35 in the 8th year.

The above example uses a periodic cap of 2.000 percentage points and a maximum interest rate cap of 12.700% in calculating the maximum payment. The initial rate above is the discount rate.



To see what your payment would be, divide your desired loan amount by 10,000; then multiply payments by that amount (for example, the monthly payment for a mortgage amount of \$80,000 would be: $\$80,000 \div \$10,000 = 8$; $8 \times \$88.21 = \705.68 per payment).

NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS. You will receive an initial interest rate and payment adjustment notice 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. You will also receive ongoing interest rate and payment adjustment notices at least 60, but not 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. The notices will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

ACKNOWLEDGMENT. The undersigned hereby acknowledge(s) receipt of a copy of this Adjustable Rate Loan Program Disclosure, and a copy of the Consumer Handbook on Adjustable Rate Mortgages on the date indicated below.

_____ Date

