

Charter Bank

5526 NW 86th St

Johnston, IA 50131

Telephone: 515-331-2265

Fax Number: 515-331-3311

Web Address: www.charterbanker.com

Lender

Borrower

CHARTER BANK 5/15 ARM DISCLOSURE

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 plus a margin, rounded up to the nearest .125 percent.
- * 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 the monthly average yield on United States Treasury securities adjusted to a constant maturity of five years (5 Year Treasury - Mo. Average) plus our margin, rounded up to the nearest .125 percent. Ask us for our current interest rate and margin.
- * Information about the index is The Wall Street Journal.
- * The initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of the current initial rate.
- * Your interest rate will equal the index rate plus margin, rounded up to the nearest .125 percent, 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 60 months.
- * Your interest rate cannot increase or decrease more than 2.000 percentage point(s) at each adjustment.
- * Your interest rate cannot increase more than 6.000 percentage point(s) above the initial interest rate over the term of the loan.
- * Your interest rate will never be less than 3.000 percent.

HOW YOUR PAYMENT CAN CHANGE

- * Your payment can change every 60 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 \$10,000 180-month loan with an initial interest rate of 3.250 in effect in April 2015, the maximum amount that the interest rate can rise under this program is 4.000 percentage point(s), to 7.250 percent in the 121st month (10 years, 1 month), and the monthly payment can rise from an initial payment of \$70.27 to a maximum of \$81.03 on the 180th monthly payment. 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 \$70.27 = \421.62 per month).

This is not a commitment to make a loan.

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CHARTER BANK 5/30 ARM

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 plus a margin, rounded up to the nearest .125 percent.
- * 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 the monthly average yield on United States Treasury securities adjusted to a constant maturity of five years (5 Year Treasury - Mo. Average) plus our margin, rounded up to the nearest .125 percent. Ask us for our current interest rate and margin.
- * Information about the index is The Wall Street Journal.
- * The initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of the current initial rate.
- * Your interest rate will equal the index rate plus margin, rounded up to the nearest .125 percent, 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 60 months.
- * Your interest rate cannot increase or decrease more than 2.000 percentage point(s) at each adjustment.
- * Your interest rate cannot increase more than 6.000 percentage point(s) above the initial interest rate over the term of the loan.
- * Your interest rate will never be less than 4.000 percent.

HOW YOUR PAYMENT CAN CHANGE

- * Your payment can change every 60 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 90, 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 \$10,000 360-month loan with an initial interest rate of 4.250 in effect in April 2015, the maximum amount that the interest rate can rise under this program is 6.000 percentage point(s), to 10.250 percent, and the monthly payment can rise from an initial payment of \$49.19 to a maximum of \$78.46 in the 181st month (15 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 \$49.19 = \295.14 per month).

This is not a commitment to make a loan.
