

MutualOne Bank

160 Cochituate Road, Framingham, MA 01701

ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE 5/1 YEAR TREASURY INDEX – PORTFOLIO CONSTRUCTION PERMANENT

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Disclosures and further information on other ARM programs are available upon request. During the first 12 months (the construction phase), all payments will be applied to interest only based on the loan amount outstanding. At the end of the first 12 months, this will become a fully amortizing loan product; that means that required payments will be for principal and interest over 348 months.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

Your interest rate and payment can change. Starting with your first change your interest rate will be based on the index rate plus a margin and will be rounded to the nearest 1/8th of one percent.

Your payment will be based on the interest rate, loan balance and remaining loan term.

Ask us for our current interest rate and margin.

Your initial interest rate is not based on the index used to make later adjustments. Ask us for the current interest rate discount or premium on this adjustable rate mortgage program.

Your index is the Weekly Average Yield on U.S. Treasury Securities adjusted to a constant maturity of one year.

Index values are published by the Federal Reserve Board in Selected Interest Rates Publication H.15.

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.

Many of the terms used here, such as “Index”, “Margin” and “Caps” are explained in the booklet entitled “Consumer Handbook on Adjustable Rate Mortgages”, which we have given to you.

HOW YOUR INTEREST RATE CAN CHANGE:

Your interest rate and payment is fixed for the first 60 months, after which the interest rate can change every 12 months based on the index value plus the margin, subject to the following limits:

Your interest rate will be rounded to the nearest 1/8th percent.

Your interest rate cannot increase or decrease more than 2.00% at time of first adjustment or at each subsequent adjustment.

Your interest rate cannot increase or decrease more than 6.00% over the term of the loan.

(These are called interest rate “Caps”.)

HOW YOUR MONTHLY PAYMENT CAN CHANGE:

Your initial monthly payment will remain in effect for 60 months.

Subsequently, your monthly payment can change every 12 months based on changes in the calculation of the index plus our margin.

The amounts and changes in tax escrows or insurance escrows are not described in or taken into account in this advance disclosure.

For example, on a \$10,000.00, 360 month loan with an initial interest rate of 3.99%, our rate as of September 1, 2020, the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 9.99% over the term of the loan and the monthly payment can rise from a first-year payment of \$48.54 to a maximum of \$82.56 in the 8th year. Your monthly payment may increase or decrease substantially depending on changes in the interest rate. The payments are principal and interest only and do not include tax escrow or insurance escrow payments.

To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the loan 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 \$48.54 = \291.24).

NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS:

We will send you written notice at least 60 days, but not more than 120 days before the scheduled interest adjustment date. This notice will contain information about your index, interest rates, payment amount and loan balance.

I/We hereby acknowledge receiving and reading this disclosure and the Consumer Handbook on Adjustable Rate Mortgages.

Borrower

Date

Borrower

Date

Borrower

Date

Borrower

Date

Revised 9/5/20