

## **Adjustable Rate Mortgage LOAN PROGRAM DISCLOSURE Capped Variable Rate**

This disclosure describes the features of Farm Credit Mid-America, FLCA's Adjustable Rate Mortgage (ARM) program you are considering. Information on other adjustable rate programs is available upon request (if not already furnished along with this disclosure).

### **How Your Interest Rate and Payments Are Determined**

- Your interest rate is not based on an index but can be changed monthly at the discretion of the Lender. You may contact us at any time to receive information about the current interest rate.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Ask us for the amount of the interest rate currently charged for loans in the Lender's Capped Variable Rate Mortgage program. Your variable rate will be determined as of the date of your loan closing.

### **How Your Interest Rate Can Change**

- Your interest rate can change every month.
- Your interest rate cannot increase or decrease more than 4.00% above the initial interest rate over the term of the loan except in the event of default, when an additional .5000 percentage point or 2.00 percentage point default rate can be added, depending on the terms of the note.
- Your interest rate can increase if you choose to convert your loan from this loan program to any other loan program offered by us for borrowers in your category. Other loan programs might include various ARMS or fixed interest rate products. Such conversions may be restricted by us, and you may have to pay certain fees to obtain the conversion.

### **How Your Monthly Payment Can Change**

- Your Monthly payment can increase or decrease substantially based on changes in the interest rate every month.
- If you still owe amounts on your loan on the maturity date, you will pay those amounts in full on that date

### **For Example:**

On a 10 year \$10,000 loan originated in December 2016 with an initial interest rate of 4.10%, the maximum amount the interest rate can rise under this program is 4.000 percentage points to 8.10% and the monthly payment can rise to a maximum payment of \$121.86 in the year 2017.

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, the monthly payment for a mortgage of \$60,000 would be:  $\$60,000/\$10,000=6$ ;  $6 \times \$121.86 = \$731.16$  per month.

On a 15 year \$10,000 loan originated in December 2016 with an initial interest rate of 4.10% the maximum amount the interest rate can rise under this program is 4.000 percentage points to 8.10% and the monthly payment can rise to a maximum of \$96.14 in 2017.

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, the monthly payment for a mortgage of \$60,000 would be:  $\$60,000/\$10,000=6$ ;  $6 \times \$96.14 = \$576.84$  per month.

On a 30 year \$10,000 loan originated in December 2016 with an initial interest rate of 4.10%, the maximum amount the interest rate can rise under this program is 4.000 percentage points to 8.10% and the monthly payment can rise to a maximum of \$74.07 in 2017.

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, the monthly payment for a mortgage of \$60,000 would be:  $\$60,000/\$10,000=6$ ;  $6 \times \$ 74.07 = \$444.42$

**Notice of Interest Rate and Payment Adjustments**

You will be notified 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.