

Community Savings

Post Office Box 320

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Lender

1 YEAR ARM 10 YEARS

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program you are considering.

- * 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 .25 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 weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (1 Year Treasury Index) plus our margin rounded up to the nearest .25 percent. Ask us for our current interest rate and margin.
- * Information about the index is published weekly in 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 interest rate discount.
- * Your interest rate will equal the index rate plus margin, rounded up to the nearest .25 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 12 months.
- * Your interest rate cannot increase or decrease more than 2.000 percentage point(s) at each adjustment.
- * Your interest rate cannot increase or decrease more than 6.000 percentage point(s) above and below the initial interest rate over the term of the loan.

HOW YOUR PAYMENT CAN CHANGE

- * Your payment can change every 12 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 25 days but no more than 120 days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount, and loan balance.
- * For example, on a \$10,000 10-year loan with an initial interest rate of 5.250 in effect in January 2005, the maximum amount that the interest rate can rise under this program is 6.000 percentage point(s), to 11.250 percent, and the monthly payment can rise from an initial payment of \$107.29 to a maximum of \$133.12 in the 37th month (3 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 \$107.29 = \643.74 per month).

This is not a commitment to make a loan.

You hereby acknowledge receipt of this ARM Program Disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages on today's date.

Signature _____ Date _____

Signature _____ Date _____

Signature _____ Date _____

Signature _____ Date _____