IMPORTANT ADJUSTABLE RATE MORTGAGE LOAN INFORMATION
PLEASE READ CAREFULLY

5/1 LIBOR Non-Convertible ARM

Borrower:
Loan #:

Date:

This disclosure notice is given to you in connection with your application for an adjustable-rate mortgage loan with **HomeBridge Financial Services, Inc. DBA Real Estate Mortgage Network** and provides information that you should read. An adjustable-rate mortgage loan ("ARM") is a type of loan that permits changes in the loan interest rate. Such changes generally are based on changes in an index, and normally result in an increase or decrease in the regular monthly loan payment. This disclosure notice describes the features of the ARM program you are considering. Information on other ARM programs is available upon request.

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on an index rate plus a margin.
- Your index is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market (LIBOR). If the index is no longer available at any time during the term of the loan, we (or the designated loan servicer) will choose a new index that is based upon comparable information and give you advance notice of this choice.
- The most recent index figure available 45 days before the adjustment date occurs will be used to determine your new interest rate. Information about the index rate is published in *The Wall Street Journal.*
- Your monthly payment will be based on the interest rate, loan balance, and the loan term.
- Your interest rate will equal the index rate, plus our margin, rounded up to the nearest one-eighth of one percent (0.125%) unless interest rate "caps" limit the amount of change in the interest rate. Ask us for our current interest rate and margin.
- The initial interest rate will have a premium and will not be based on the index used to make later adjustments. Ask us for the current amount of our adjustable-rate mortgage discounts or premiums.
- The periodic payment may increase or decrease substantially depending on changes in the rate.

How Your Interest Rate Can Change

- Your interest rate can change at the end of five years and yearly thereafter.
- Your interest rate cannot increase or decrease more than **Five** percentage points (5%) at the first rate adjustment.
- Your interest rate cannot increase or decrease more than **Two** percentage points (2%) at each subsequent adjustment.
- Your interest rate cannot increase more than **Five** percentage points (5%) above the initial interest rate and cannot decrease below the margin over the term of the loan.

How Your Monthly Payment Can Change

- Your monthly payment can change after each interest rate adjustment based on changes in the interest rate.
- Your payment can change every **12** months beginning with payment number **61** based on changes in the interest rate.
- You will be notified at least 45, 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.

Maximum Interest Rate and Payment Example

- On a $10,000 loan with an initial interest rate of **3.500**% (in effect **November,2015**, and a margin of **3.75**%), the maximum amount the interest rate can rise under this program is **Five** percentage points to **8.500**%.
- To see what your payments would be, divide your mortgage amount by $10,000, then multiply the monthly payment by that amount.

Demand Feature: This obligation **does** contain a demand feature.

Assumption Policy: Someone buying your house may, subject to conditions, be allowed to assume the remainder of the mortgage based upon the original terms.

Loan Term: The loan will have a term of **30** years.

I/We hereby acknowledge receiving and reading a copy of this disclosure and the booklet entitled "Consumer Handbook on Adjustable Rate Mortgages".

Borrower Date

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