

Adjustable Rate Mortgage Disclosure

(This is neither a contract nor a commitment to lend.)

Lender

Branch Banking and Trust Company

Adjustable Rate Mortgage (ARM) Program: N 10/1 YR ARM LBR 2/2/5 NCVT

This disclosure describes the features of the ARM loan 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 plus a margin.
- This ARM loan has a premium feature, and your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount or premium amount.
- This type of ARM loan carries a provision for a change in the: Interest Rate and Monthly Payment.
- Your payment will be based on the interest rate, loan balance and loan term.
- The index used to determine your initial interest rate and/or all adjustments is: *the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market (LIBOR)*.

NOTE: If the index for your ARM loan is no longer available, the Lender will choose a new index which is based on comparable information.

- Information about the index can be found: *published daily in the Wall Street Journal*.
- Your interest rate will be equal to the index rate plus our margin rounded to the nearest .125%, unless your interest rate caps limit the amount of change in the interest rate.
- Ask us for our current interest rate and margin.

How Your Interest Rate Can Change

- Your interest rate can change in 120 Months, and every year thereafter.
- Your interest rate cannot increase more than 2 percentage point(s) at the initial adjustment.
- Your interest rate cannot decrease more than 2 percentage point(s) at the initial adjustment.
- Your interest rate cannot increase more than 2 percentage point(s) at each periodic adjustment.
- Your interest rate cannot decrease more than 2 percentage point(s) at each periodic adjustment.
- Your interest rate cannot increase more than 5 percentage point(s) over the term of the loan.
- Your interest rate will never be less than 2.250% over the term of the loan.
- Your interest rate will be rounded off to the nearest .125% at each adjustment.

How Your Payment Can Change

- Your monthly payment can increase or decrease substantially based on yearly changes in the interest rate.
- 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.

- Any increase in interest will take the form of a higher payment amount.

EXAMPLE: On a \$10,000, 30 year loan with an initial interest rate of 3.625% in effect in June, 2016, the maximum amount that the interest rate can rise under this program is 5 percentage points, to 8.625%, and the monthly payment can rise from a first-year payment of \$45.61 to a maximum of \$67.36 in the thirteenth year.

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 \$100,000.00 would be: $\$100,000.00 / \$10,000 = 10$; $10 \times \$45.61 = \456.10 per month.)

Additional Features of Your ARM Program

- Someone buying this property may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.
- This ARM Program does not have a Demand Feature.

I/We hereby acknowledge receipt of this ARM disclosure and a copy of the *Consumer Handbook on Adjustable Rate Mortgages* on the date indicated below.

Borrower

Sample Sample

Date