

# Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when  the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or  the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

| Borrower  | Co-Borrower   |
|---|---|
| <b>I. TYPE OF MORTGAGE AND TERMS OF LOAN</b>  |   |
| Mortgage Applied for: <input type="checkbox"/> VA <input type="checkbox"/> Conventional <input type="checkbox"/> Other (explain): _____ Agency Case Number _____ Lender Case Number _____<br><input type="checkbox"/> FHA <input type="checkbox"/> USDA/Rural Housing Service |   |
| Amount \$ _____   | Interest Rate _____ %   |
| No. of Months _____   | Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> Other (explain): _____<br><input type="checkbox"/> GPM <input type="checkbox"/> ARM (type): _____ |

| II. PROPERTY INFORMATION AND PURPOSE OF LOAN  |  |
|---|--|
| Subject Property Address (street, city, state, & ZIP) _____ No. of Units _____  |  |
| Legal Description of Subject Property (attach description if necessary) _____ Year Built _____  |  |
| Purpose of Loan <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain): _____ Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment<br><input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent |  |

| Complete this line if construction or construction-permanent loan. |               |                       |                          |                          |               |
|--|---------------|-----------------------|--------------------------|--------------------------|---------------|
| Year Lot Acquired  | Original Cost | Amount Existing Liens | (a) Present Value of Lot | (b) Cost of Improvements | Total (a + b) |
| \$ _____   | \$ _____      | \$ _____              | \$ _____                 | \$ _____                 | \$ _____      |

| Complete this line if this is a refinance loan. |               |                       |                      |   |  |
|---|---------------|-----------------------|----------------------|---|--|
| Year Acquired                                   | Original Cost | Amount Existing Liens | Purpose of Refinance | Describe Improvements <input type="checkbox"/> made <input type="checkbox"/> to be made |  |
| \$ _____  | \$ _____      |                       |                      | Cost: \$ _____  |  |

|   |  |   |
|---|--|---|
| Title will be held in what Name(s) _____  | Manner in which Title will be held _____ | Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date) _____ |
| Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain) _____ |  |   |

| Borrower   | Co-Borrower                        |  |                   |  |                                    |  |                   |
|--|------------------------------------|--|-------------------|--|------------------------------------|--|-------------------|
| <b>III. BORROWER INFORMATION</b>   |                                    |  |                   |  |                                    |  |                   |
| Borrower's Name (include Jr. or Sr. if applicable) _____ Co-Borrower's Name (include Jr. or Sr. if applicable) _____                       |                                    |  |                   |  |                                    |  |                   |
| Social Security Number _____   | Home Phone (incl. area code) _____ | DOB (MM/DD/YYYY) _____   | Yrs. School _____ | Social Security Number _____   | Home Phone (incl. area code) _____ | DOB (MM/DD/YYYY) _____                                   | Yrs. School _____ |
| <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (include single, divorced, widowed) |                                    | Dependents (not listed by Co-Borrower) no. _____ ages _____  |                   | <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (include single, divorced, widowed) |                                    | Dependents (not listed by Borrower) no. _____ ages _____ |                   |
| Present Address (street, city, state, ZIP) _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs. _____           |                                    | Present Address (street, city, state, ZIP) _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs. _____ |                   | Mailing Address, if different from Present Address _____   |                                    | Mailing Address, if different from Present Address _____ |                   |

|   |   |  |  |
|---|---|--|--|
| If residing at present address for less than two years, complete the following:   |   |  |  |
| Former Address (street, city, state, ZIP) _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs. _____ | Former Address (street, city, state, ZIP) _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs. _____ |  |  |

| Borrower   | Co-Borrower                            |
|--|--|
| <b>IV. EMPLOYMENT INFORMATION</b>  |  |
| Name & Address of Employer _____ <input type="checkbox"/> Self Employed _____ Yrs. on this job _____ |  |
| Yrs. employed in this line of work/profession _____  |  |
| Position/Title/Type of Business _____  | Business Phone (incl. area code) _____ |
| Position/Title/Type of Business _____  | Business Phone (incl. area code) _____ |

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

|   |                                     |   |                                     |
|---|-------------------------------------|---|-------------------------------------|
| Name & Address of Employer <input type="checkbox"/> Self Employed | Dates (from - to)                   | Name & Address of Employer <input type="checkbox"/> Self Employed | Dates (from - to)                   |
|   | Monthly Income<br>\$                |   | Monthly Income<br>\$                |
| Position/Title/Type of Business                                   | Business Phone<br>(incl. area code) | Position/Title/Type of Business                                   | Business Phone<br>(incl. area code) |
| Name & Address of Employer <input type="checkbox"/> Self Employed | Dates (from - to)                   | Name & Address of Employer <input type="checkbox"/> Self Employed | Dates (from - to)                   |
|   | Monthly Income<br>\$                |   | Monthly Income<br>\$                |
| Position/Title/Type of Business                                   | Business Phone<br>(incl. area code) | Position/Title/Type of Business                                   | Business Phone<br>(incl. area code) |

**V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION**

| Gross Monthly Income  | Borrower | Co-Borrower | Total | Combined Monthly Housing Expense | Present | Proposed |
|---|----------|-------------|-------|----------------------------------|---------|----------|
| Base Empl. Income*  | \$       | \$          | \$    | Rent                             | \$      |          |
| Overtime  |          |             |       | First Mortgage (P&I)             |         | \$       |
| Bonuses   |          |             |       | Other Financing (P&I)            |         |          |
| Commissions   |          |             |       | Hazard Insurance                 |         |          |
| Dividends/Interest  |          |             |       | Real Estate Taxes                |         |          |
| Net Rental Income   |          |             |       | Mortgage Insurance               |         |          |
| Other (before completing, see the notice in "describe other income," below) |          |             |       | Homeowner Assn. Dues             |         |          |
|   |          |             |       | Other:                           |         |          |
| <b>Total</b>  | \$       | \$          | \$    | <b>Total</b>                     | \$      | \$       |

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

**Describe Other Income**

**Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.**

| B/C | Monthly Amount |
|-----|----------------|
|     | \$             |
|     |                |
|     |                |



**VI. ASSETS AND LIABILITIES (cont.)**

**Schedule of Real Estate Owned** (If additional properties are owned, use continuation sheet.)

| Property Address (enter S if sold, PS if pending sale or R if rental being held for income) | Type of Property | Present Market Value | Amount of Mortgages & Liens | Gross Rental Income | Mortgage Payments | Insurance, Maintenance, Taxes & Misc. | Net Rental Income |
|---|------------------|----------------------|-----------------------------|---------------------|-------------------|---------------------------------------|-------------------|
|   |                  | \$                   | \$                          | \$                  | \$                | \$                                    | \$                |
|   |                  |                      |                             |                     |                   |                                       |                   |
|   |                  |                      |                             |                     |                   |                                       |                   |
|   |                  |                      |                             |                     |                   |                                       |                   |
|   | Totals           | \$                   | \$                          | \$                  | \$                | \$                                    | \$                |

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

| Alternate Name | Creditor Name | Account Number |
|----------------|---------------|----------------|
|                |               |                |

**VII. DETAILS OF TRANSACTION**

|   |    |
|---|----|
| a. Purchase price                                       | \$ |
| b. Alterations, improvements, repairs                   |    |
| c. Land (if acquired separately)                        |    |
| d. Refinance (incl. debts to be paid off)               |    |
| e. Estimated prepaid items                              |    |
| f. Estimated closing costs                              |    |
| g. PMI, MIP, Funding Fee                                |    |
| h. Discount (if Borrower will pay)                      |    |
| i. Total costs (add items a through h)                  |    |
| j. Subordinate financing                                |    |
| k. Borrower's closing costs paid by Seller              |    |
| l. Other Credits (explain)                              |    |
| m. Loan amount (exclude PMI, MIP, Funding Fee financed) |    |
| n. PMI, MIP, Funding Fee financed                       |    |
| o. Loan amount (add m & n)                              |    |
| p. Cash from/to Borrower (subtract j,k,l & o from i)    |    |

**VIII. DECLARATIONS**

| If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.   | Borrower                 |                          | Co-Borrower              |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Yes                      | No                       | Yes                      | No                       |
| a. Are there any outstanding judgments against you?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Have you been declared bankrupt within the past 7 years?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Are you a party to a lawsuit?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name and address of Lender, FHA or VA case number, if any, and reasons for the action.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Are you obligated to pay alimony, child support, or separate maintenance?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Is any part of the down payment borrowed?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Are you a co-maker or endorser on a note?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| -----  |                          |                          |                          |                          |
| j. Are you a U.S. citizen?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k. Are you a permanent resident alien?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| l. Do you intend to occupy the property as your primary residence? If "Yes", complete question m below.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| m. Have you had an ownership interest in a property in the last three years?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (1) What type of property did you own – principal residence (PR), second home (SH), or investment property (IP)?   |                          |                          |                          |                          |
| (2) How did you hold title to the home -- by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?  |                          |                          |                          |                          |

**IX. ACKNOWLEDGMENT AND AGREEMENT**

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application, are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors or assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature" as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

**Acknowledgment.** Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

|                      |      |                         |      |
|----------------------|------|-------------------------|------|
| Borrower's Signature | Date | Co-Borrower's Signature | Date |
| <b>X</b>             |      | <b>X</b>                |      |



**X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES**

To be Completed by Loan Originator

Borrower information was provided:

- In a face-to-face interview
- In a telephone interview
- By the applicant and submitted by fax or mail
- By the applicant and submitted via e-mail or the internet

Co-Borrower information was provided:

- In a face-to-face interview
- In a telephone interview
- By the applicant and submitted by fax or mail
- By the applicant and submitted via e-mail or the internet

|   |                                     |  |
|---|-------------------------------------|--|
| Loan Originator's Signature<br><b>X</b> |                                     | Date   |
| Loan Originator's Name (print or type)  | Loan Originator Identifier          | Loan Originator's Phone Number (including area code) |
| Loan Originator Company's Name          | Loan Origination Company Identifier | Loan Origination Company's Address                   |

The purpose of collecting this information is to help ensure that all borrowers are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask borrowers for their demographic information (ethnicity, race, and sex) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race". The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, race, and sex on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

**Borrower:**

**Ethnicity:** Check one or more

- Hispanic or Latino
    - Mexican
    - Puerto Rican
    - Cuban
    - Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:
- 

- Not Hispanic or Latino
- I do not wish to provide this information

**Race:** Check one or more

- American Indian or Alaskan Native - Print name of enrolled or principal tribe:
- 

- Asian
    - Asian Indian
    - Chinese
    - Filipino
    - Japanese
    - Korean
    - Vietnamese
    - Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:
- 

- Black or African American
  - Native Hawaiian or Other Pacific Islander
    - Native Hawaiian
    - Guamanian or Chamorro
    - Samoan
    - Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on:
- 

- White
- I do not wish to provide this information

**Sex:**

- Female
- Male
- I do not wish to provide this information

**To Be Completed by Financial Institution (for an application taken in person):**

Was the ethnicity of the borrower collected on the basis of visual observation or surname?

- Yes
- No

Was the race of the borrower collected on the basis of visual observation or surname?

- Yes
- No

Was the sex of the Borrower collected on the basis of visual observation or surname?

- Yes
- No

**Co-Borrower:**

**Ethnicity:** Check one or more

- Hispanic or Latino
    - Mexican
    - Puerto Rican
    - Cuban
    - Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:
- 

- Not Hispanic or Latino
- I do not wish to provide this information

**Race:** Check one or more

- American Indian or Alaskan Native - Print name of enrolled or principal tribe:
- 

- Asian
    - Asian Indian
    - Chinese
    - Filipino
    - Japanese
    - Korean
    - Vietnamese
    - Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:
- 

- Black or African American
  - Native Hawaiian or Other Pacific Islander
    - Native Hawaiian
    - Guamanian or Chamorro
    - Samoan
    - Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on:
- 

- White
- I do not wish to provide this information

**Sex:**

- Female
- Male
- I do not wish to provide this information

Was the ethnicity of the co-borrower collected on the basis of visual observation or surname?

- Yes
- No

Was the race of the co-borrower collected on the basis of visual observation or surname?

- Yes
- No

Was the sex of the co-Borrower collected on the basis of visual observation or surname?

- Yes
- No

**CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION**

Use this continuation sheet if you need more space to complete the Residential Loan Application: Mark B for Borrower or C for Co-Borrower.

Borrower:

Agency Case Number:

Co-Borrower:

Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature:

Date

Co-Borrower's Signature:

Date

**X**

**X**



# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

**ADJUSTABLE RATE MORTGAGE ("ARM")**  
**IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY**  
**PROGRAM NAME: 1 / 1 (5 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS**

Origination Co. NMLSR ID: 655306

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with STATE BANK OF MISSOURI (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 5-year loan with an initial interest rate of 6.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 12.810%, and the monthly payment can rise from an initial payment of \$197.09 to a maximum of \$215.09 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$197.09 = \$1,182.54 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

**ADJUSTABLE RATE MORTGAGE ("ARM")**  
**IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY**  
**PROGRAM NAME: 1 / 1 (15 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS**

Origination Co. NMLSR ID: 655306

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**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum.

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 15-year loan with an initial interest rate of 6.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 12.810%, and the monthly payment can rise from an initial payment of \$88.81 to a maximum of \$121.19 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$88.81 = \$532.86 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.



# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 1 / 1 (30 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with STATE BANK OF MISSOURI (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change annually, but the interest rate will not be less than 4.00% per annum..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 30-year loan with an initial interest rate of 6.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 12.810%, and the monthly payment can rise from an initial payment of \$65.25 to a maximum of \$107.61 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$65.25 = \$391.50 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 3 / 3 (5 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

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**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change every 3 years. The interest rate will not be less than 4.00%. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change every 3 years. The interest rate will not be less than 4.00%.

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 5-year loan with an initial interest rate of 7.310% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 2.000 percentage points to 9.310%, and the monthly payment can rise from an initial payment of \$199.45 to a maximum of \$203.51 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$199.45 = \$1,196.70 monthly.)

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# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

**ADJUSTABLE RATE MORTGAGE ("ARM")**  
**IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY**  
**PROGRAM NAME: 3 / 3 (15 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS**

Origination Co. NMLSR ID: 655306

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**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

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**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available IN THE WALL STREET JOURNAL. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change every 3 years. The interest rate will not be less than 4.00%. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

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**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change every 3 years. The interest rate will not be less than 4.00%..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 15-year loan with an initial interest rate of 7.310% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 13.310%, and the monthly payment can rise from an initial payment of \$91.61 to a maximum of \$115.30 in the tenth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$91.61 = \$549.66 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 3 / 3 (30 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

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**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

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**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available IN THE WALL STREET JOURNAL. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change every 3 years. The interest rate will not be less than 4.00%. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

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**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 30-year loan with an initial interest rate of 7.310% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 13.310%, and the monthly payment can rise from an initial payment of \$68.62 to a maximum of \$108.08 in the tenth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$68.62 = \$411.72 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 5 / 5 (5 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with STATE BANK OF MISSOURI (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

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**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change every 5 years. The interest rate will not be less than 4.00%. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change every 5 years. The interest rate will not be less than 4.00%..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 5-year loan with an initial interest rate of 7.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 0.000 percentage points to 7.810%, and the monthly payment can rise from an initial payment of \$201.83 to a maximum of \$201.83 in the first year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$201.83 = \$1,210.98 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.



# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 5 / 5 (15 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

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**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

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**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 15-year loan with an initial interest rate of 7.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 4.000 percentage points to 11.810%, and the monthly payment can rise from an initial payment of \$94.46 to a maximum of \$107.74 in the eleventh year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$94.46 = \$566.76 monthly.)

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101 NW 2nd St.  
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## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: 5 / 5 (30 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS

Origination Co. NMLSR ID: 655306

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**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change every 5 years. The interest rate will not be less than 4.00%.

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 30-year loan with an initial interest rate of 7.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 13.810%, and the monthly payment can rise from an initial payment of \$72.05 to a maximum of \$107.72 in the sixteenth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$72.05 = \$432.30 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

**ADJUSTABLE RATE MORTGAGE ("ARM")**  
**IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY**  
**PROGRAM NAME: 1 / 1 SECOND MTG (5 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS**

Origination Co. NMLSR ID: 655306

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with STATE BANK OF MISSOURI (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change annually, but the interest rate will not be less than 5.00% per annum. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change annually, but the interest rate will not be less than 5.00% per annum..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 5-year loan with an initial interest rate of 8.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 14.810%, and the monthly payment can rise from an initial payment of \$206.63 to a maximum of \$225.26 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$206.63 = \$1,239.78 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

# EARLY ARM DISCLOSURE STATEMENT

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020

**ADJUSTABLE RATE MORTGAGE ("ARM")**  
**IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY**  
**PROGRAM NAME: 1 / 1 SECOND MTG (15 YR) ARM 1-YR TREASURY INDEX 2 & 6 CAPS**

Origination Co. NMLSR ID: 655306

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with STATE BANK OF MISSOURI (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The result of this calculation will be rounded to the nearest 0.001%. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.001%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change annually. The interest rate will not be less than 5.00%. Your interest rate cannot increase or decrease more than 2.000 percentage points at each adjustment. However, under no circumstances will your interest rate increase more than 6.000 percentage points or decrease more than 6.000 percentage points during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be determined based on the interest rate, loan term, and loan balance. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change annually. The interest rate will not be less than 5.00%..

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 15-year loan with an initial interest rate of 8.810% (the index rate in effect January 2024, plus a margin, rounded to the nearest 0.001%), the maximum amount that the interest rate can rise under this program is 6.000 percentage points to 14.810%, and the monthly payment can rise from an initial payment of \$100.28 to a maximum of \$134.71 in the fourth year.

**Note:** 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 divided by \$10,000 = 6; 6 X \$100.28 = \$601.68 monthly.)

**Adjustment Notice.** 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 rate, payment amount, and loan balance. You will also 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 adjustments resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

State Bank of Missouri

NMLS # 655306  
(COMPANY IDENTIFER)

MORTGAGE LOAN ORIGINATORS IDENTIFER

CONCORDIA LOCATION

NMLS ID #

Mark A. Heins

740534

Darren G. Wodrich

740533

GRAIN VALLEY LOCATION

NMLS ID #

Daniel L. Strader

623585

Angela K. Miller

499541

NMLS Consumer Access is a free service for consumers to confirm that the mortgage company or mortgage professional with whom they wish to conduct business is authorized to conduct mortgage business in their state. You may look up our Mortgage Loan Originators by their NMLS ID number listed above at [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)

# SERVICING DISCLOSURE STATEMENT

| App. Date   | Application No. | Loan Amount | Dept. | Collateral | Officer | Init. |
|---|-----------------|-------------|-------|------------|---------|-------|
| References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. |                 |             |       |            |         |       |

Applicant:

Lender:

STATE BANK OF MISSOURI  
Main Office  
101 NW 2nd St.  
Concordia, MO 64020  
(660) 463-2194

## SERVICING DISCLOSURE STATEMENT

### NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED.

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 et seq.). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest, and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer occurs.

#### Servicing Transfer Information

- We may assign, sell or transfer the servicing of your loan while the loan is outstanding.
- or
- We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.
- or
- The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.

## NOTICE TO APPLICANT

We may order an appraisal to determine the property's value and charge you for the appraisal. We will promptly give you a copy of an appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.



**FACTS****WHAT DOES STATE BANK OF MISSOURI  
DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- account transactions and transaction history
- credit history and payment history

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons STATE BANK OF MISSOURI chooses to share; and whether you can limit this sharing.

| Reasons we can share your personal information   | Does STATE BANK OF MISSOURI share? | Can you limit this sharing? |
|--|------------------------------------|-----------------------------|
| <b>For our everyday business purposes</b> —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes                                | No                          |
| <b>For our marketing purposes</b> —to offer our products and services to you   | Yes                                | No                          |
| <b>For joint marketing with other financial companies</b>  | No                                 | We don't share              |
| <b>For our affiliates' everyday business purposes</b> —information about your transactions and experiences   | No                                 | We don't share              |
| <b>For our affiliates' everyday business purposes</b> —information about your creditworthiness   | No                                 | We don't share              |
| <b>For our affiliates to market to you</b>   | No                                 | We don't share              |
| <b>For nonaffiliates to market to you</b>  | No                                 | We don't share              |

**Questions?**

Call (660) 463-2194 or go to [www.gostatebank.com](http://www.gostatebank.com)

**Who we are**

|                                      |                        |
|--------------------------------------|------------------------|
| <b>Who is providing this notice?</b> | STATE BANK OF MISSOURI |
|--------------------------------------|------------------------|

**What we do**

|   |  |
|---|--|
| <b>How does STATE BANK OF MISSOURI protect my personal information?</b> | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.  |
| <b>How does STATE BANK OF MISSOURI collect my personal information?</b> | <p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>● open an account or deposit money</li> <li>● pay your bills or use your credit or debit card</li> <li>● apply for a loan</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>   |
| <b>Why can't I limit all sharing?</b>                                   | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>● sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>● affiliates from using your information to market to you</li> <li>● sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p> |

**Definitions**

|                        |   |
|------------------------|---|
| <b>Affiliates</b>      | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>● <i>STATE BANK OF MISSOURI does not share with our affiliates.</i></li> </ul>                              |
| <b>Nonaffiliates</b>   | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>● <i>STATE BANK OF MISSOURI does not share with nonaffiliates so they can market to you.</i></li> </ul> |
| <b>Joint marketing</b> | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>● <i>STATE BANK OF MISSOURI doesn't jointly market.</i></li> </ul>                     |

**Other important information**

|  |
|--|
|  |
|--|

CONSUMER HANDBOOK ON

# Adjustable-Rate Mortgages

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Find out how  
your payment can  
change over time



Consumer Financial  
Protection Bureau



An official publication of the U.S. government

## How to use the booklet

When you and your mortgage lender discuss adjustable-rate mortgages (ARMs), you receive a copy of this booklet. When you apply for an ARM loan, you receive a Loan Estimate. You can request and receive multiple Loan Estimates from competing lenders to find your best deal.

You may want to have your Loan Estimate handy for any loan you are considering as you work through this booklet. We reference a sample Loan Estimate throughout the booklet to help you apply the information to your situation.

You can find more information about ARMs at [cfpb.gov/about-arms](https://cfpb.gov/about-arms). You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of the homebuying process.

## About the CFPB

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws and educates and empowers consumers to make better informed financial decisions.

This booklet, titled Consumer Handbook on Adjustable Rate Mortgages, was created to comply with federal law pursuant to 12 U.S.C. 2604 and 12 CFR 1026.19(b)(1).

## How can this booklet help you?

This booklet can help you decide whether an adjustable-rate mortgage (ARM) is the right choice for you and to help you take control of the homebuying process.

Your lender may have already provided you with a copy of Your Home Loan Toolkit. You can also download the Toolkit from the CFPB's Buying a House guide at [cfpb.gov/buy-a-house/](https://cfpb.gov/buy-a-house/).

An ARM is a mortgage with an interest rate that changes, or "adjusts," throughout the loan.

With an ARM, the interest rate and monthly payment may start out low. However, both the rate and the payment can increase very quickly.

**Consider an ARM only if you can afford increases in your monthly payment—even to the maximum amount.**

## After you finish this booklet:

- You'll understand how an ARM works and whether it's the right choice for you. (page 2)
- You'll know how to review important documents when you apply for an ARM. (page 6)
- You'll understand the risks that come with different types of ARMs. (page 18)

## Is an ARM right for you?

ARMs come with the risk of higher payments in the future that you might not be able to predict. But in some situations, an ARM might make sense for you. If you are considering an ARM, be sure to understand the tradeoffs.

### TIP

Don't count on being able to refinance before your interest rate and monthly payments increase. You might not qualify for refinancing if the value of your home goes down or if something unexpected damages your financial situation, like a job loss or medical costs.

| COMPARE                        | FIXED-RATE MORTGAGE  | ADJUSTABLE-RATE MORTGAGE   |
|--------------------------------|--|--|
| <b>Consider this option if</b> | <ul style="list-style-type: none"><li>▪ You prefer predictable payments, or</li><li>▪ You plan to keep your home for a long period of time</li></ul>   | <ul style="list-style-type: none"><li>▪ You are confident you can afford increases in your monthly payment—even to the maximum amount, or</li><li>▪ You plan to sell your home within a short period of time</li></ul>   |
| <b>Interest rate</b>           | <ul style="list-style-type: none"><li>▪ Set when you take out the loan</li><li>▪ Stays the same for the entire loan term</li></ul>   | <ul style="list-style-type: none"><li>▪ Based on an index that changes</li><li>▪ May start out lower than a fixed rate mortgage but you bear the risk of increases throughout your loan</li></ul>  |
| <b>Monthly payment</b>         | <ul style="list-style-type: none"><li>▪ Principal and interest payment stays the same over the life of your loan</li><li>▪ You know the total you will pay in principal and interest over the life of the loan</li></ul> | <ul style="list-style-type: none"><li>▪ Initial principal and interest payment amount remains in effect for a limited period</li><li>▪ You can't know in advance how much total interest you will pay because your interest rate changes</li><li>▪ If you can't afford the increased payments, you may lose your home to foreclosure</li></ul> |

## Learn about how ARMs work

As you decide whether to move ahead with an ARM, you should understand how they work and how your housing costs can be affected.

### Interest rate = index + margin

The interest rate on an ARM has two parts: the index and the margin.

#### INDEX

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes for their ARM programs.

Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use, which is also shown on your Loan Estimate.

#### MARGIN

The **margin** is an extra percentage that the lender adds to the index.

You can shop around to different lenders to find the lowest combination of the index plus the margin. Your Loan Estimate shows the index and the margin being offered to you.

## Changes to initial rate and payment

The *initial* interest rate and *initial* principal and interest payment amount on an ARM remain in effect for a limited period.

So, when you see ARMs advertised as 5/1 or 5/6m ARMs:

- The first number tells you the length of time your initial interest rate lasts.
- The second number tells you how often the rate changes after that.

For example, during the first five years in a 5/6m ARM your rate stays the same. After that, the rate may adjust every six months (the 6m in the 5/6m example) until the loan is paid off. This period between rate changes is called the **adjustment period**. Adjustment periods can vary. Some last a month, a year, or like this example, six months.

For some ARMs, the initial rate and payment can be very different from the rates and payments later in the loan term. Even if the market for interest rates is stable, your rates and payments could change a lot.



# Use your Loan Estimate to understand your ARM

When you apply for a mortgage, the lender gives you a document called a **Loan Estimate**. It describes important features of the loan the lender is offering you. This section illustrates the parts of a Loan Estimate that are specific features of ARM loans. An interactive, online version of a Loan Estimate sample is available at: [cfpb.gov/arm-explainer/](http://cfpb.gov/arm-explainer/)

## Product

### Loan Terms

### Projected Payments

### Adjustable Interest Rate (AIR) Table

Save this Loan Estimate to compare with your Closing Disclosure.

## Loan Estimate

DATE ISSUED: \_\_\_\_\_  
 APPLICANTS: \_\_\_\_\_  
 PROPERTY: \_\_\_\_\_  
 SALE PRICE: \_\_\_\_\_

LOAN TERM: 30 years  
 PURPOSE: Purchase  
 PRODUCT: 5/1 Adjustable Rate  
 LOAN TYPE:  Conventional  FHA  VA  \_\_\_\_\_  
 LOAN ID #: 123456789  
 RATE LOCK:  NO  YES

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on \_\_\_\_\_

| Loan Terms   |           | Can this amount increase after closing? |  |
|--|-----------|---|--|
| Loan Amount  | \$216,000 | NO                                      |  |
| Interest Rate  | 3%        | YES                                     | <ul style="list-style-type: none"> <li>· Adjusts every year starting in year 6</li> <li>· Can go as high as 8% in year 8</li> <li>· See AIR Table on page 2 for details</li> </ul> |
| Monthly Principal & Interest<br><i>See Projected Payments Below for Your Total Monthly Payment</i> | \$910.66  | YES                                     | <ul style="list-style-type: none"> <li>· Adjusts every year starting in year 6</li> <li>· Can go as high as \$1,467 in year 8</li> </ul>   |
| Does the loan have these features?   |           |   |  |
| Prepayment Penalty   |           | NO                                      |  |
| Balloon Payment  |           | NO                                      |  |

| Projected Payments                                       |                |                          |                          |                          |
|--|----------------|--------------------------|--------------------------|--------------------------|
| Payment Calculation                                      | Years 1-5      | Years 6                  | Years 7                  | Years 8-30               |
| Principal & Interest                                     | \$910.66       | \$838 min<br>\$1,123 max | \$838 min<br>\$1,350 max | \$838 min<br>\$1,467 max |
| Mortgage Insurance                                       | + 99           | + 99                     | + 99                     | + --                     |
| Estimated Escrow<br><i>Amount can increase over time</i> | + 341          | + 341                    | + 341                    | + 341                    |
| <b>Estimated Total Monthly Payment</b>                   | <b>\$1,290</b> | <b>\$1,217 – \$1,502</b> | <b>\$1,217 – \$1,729</b> | <b>\$1,179 – \$1,808</b> |

|  |               |   |                   |
|--|---------------|---|-------------------|
| Estimated Taxes, Insurance & Assessments<br><i>Amount can increase over time</i> | \$341 a month | <b>This estimate includes</b>   | <b>In escrow?</b> |
|  |               | <input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input type="checkbox"/> Other:<br><small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small> | YES<br>YES        |

| Costs at Closing        |   |
|-------------------------|---|
| Estimated Closing Costs | \$X,XXX Includes _____ in Loan Costs + _____ in Other Costs - _____ in Lender Credits. See details on page 2. |
| Estimated Cash to Close | \$XX,XXX Includes Closing Costs. See calculating Cash to Close on page 2 for details.                         |

Visit [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

| Adjustable Interest Rate (AIR) Table   |                                    |
|--|------------------------------------|
| Index + Margin                         | 1 Year Cmt + 2.25%                 |
| Initial Interest Rate                  | 3%                                 |
| Minimum/Maximum Interest Rate          | 2.25% / 8%                         |
| <b>Change Frequency</b>                |                                    |
| First Change                           | Beginning of 61st month            |
| Subsequent Changes                     | Every 12 months after first change |
| <b>Limits on Interest Rate Changes</b> |                                    |
| First Change                           | 2%                                 |
| Subsequent Changes                     | 2%                                 |

LOAN ESTIMATE PAGE 2 OF 3 • LOAN ID # 123456789

## Loan terms

### INTEREST RATE

The Loan Estimate shows the *initial* interest rate you pay at the beginning of your loan term. This row also shows how often your rate can change and how high it can go.

### MONTHLY PRINCIPAL & INTEREST

The Loan Estimate shows the *initial* monthly principal and interest payment you'll make if you accept this loan. Your **principal** is the money that you originally agreed to pay back on your loan. **Interest** is a cost you pay to borrow the principal. The initial principal and interest payment amount for an ARM is set only for the initial period and may change after that.

### THE TALK

You might hear, "An ARM makes sense because you can refinance the loan before your interest rate and monthly payment increase."

Ask yourself, a spouse, or a loved one:

"What if the market value of the home goes down?"

"What if our financial situation or our credit score gets damaged by something unexpected like a job loss or illness?"

"If we can't refinance at a better rate, can we afford the maximum interest rate and payment increase under this loan?"

| Loan Terms   |           | Can this amount increase after closing?   |
|--|-----------|---|
| Loan Amount  | \$216,000 | NO  |
| Interest Rate  | 3%        | YES <ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as 8%</b> in year 8</li><li>· See <b>AIR Table</b> for details</li></ul> |
| Monthly Principal & Interest<br><i>See Projected Payments Below for Your Total Monthly Payment</i> | \$910.66  | YES <ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as \$1,467</b> in year 8</li></ul>                                       |
|  |           | Does the loan have these features?  |
| Prepayment Penalty   |           | NO  |
| Balloon Payment  |           | NO  |

Example of "Loan terms" section. Find this on page 1 of your own Loan Estimate

| Projected Payments  |                  |  |                          |   |
|---|------------------|--|--------------------------|---|
| Payment Calculation   | Years 1-5        | Years 6  | Years 7                  | Years 8-30                                    |
| Principal & Interest  | \$910.66         | \$838 min<br>\$1,123 max   | \$838 min<br>\$1,350 max | \$838 min<br>\$1,467 max                      |
| Mortgage Insurance  | + 99             | + 99   | + 99                     | + --  |
| Estimated Escrow<br><i>Amount can increase over time</i>                                    | + 341            | + 341  | + 341                    | + 341   |
| <b>Estimated Total Monthly Payment</b>  | <b>\$1,290</b>   | <b>\$1,217 – \$1,502</b>   | <b>\$1,217 – \$1,729</b> | <b>\$1,179 – \$1,808</b>                      |
| <b>Estimated Taxes, Insurance &amp; Assessments</b><br><i>Amount can increase over time</i> | \$341<br>a month | <b>This estimate includes</b><br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input type="checkbox"/> Other:<br><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i> |                          | <b>In escrow?</b><br><b>YES</b><br><b>YES</b> |

Example of "Projected payments" section. Find this on page 1 of your own Loan Estimate

## Projected payments

### PRINCIPAL & INTEREST

The monthly principal and interest payment on your ARM is likely to change after the initial period. Review this section to see how your payment can change based on your loan's interest rate.

### ESTIMATED TOTAL MONTHLY PAYMENT

Review this row to see the total minimum and maximum monthly payments. The payments include mortgage insurance, property taxes, homeowners insurance, and any additional property assessments or other escrow items. Learn more about these mortgage terms at [cfpb.gov/mortgage-terms/](https://cfpb.gov/mortgage-terms/)

Keep in mind that other parts of your monthly and annual housing costs can change, such as your property taxes and homeowners insurance payments.

### THE TALK

Talk over how your financial life could be affected if your ARM monthly payment increases. In future years, you might face money decisions like:

- Job changes
- School or other education expenses
- Medical needs and expenses

Because ARM adjustments are unpredictable, you might have less or more financial flexibility for other parts of your life.

## Adjustable Interest Rate (AIR) table

You should read and understand the AIR table calculations before committing to an ARM.

It's important to know how your interest rate changes over the life of your loan.

### INDEX + MARGIN

Your lender is required to show you how your interest rate is calculated, which is determined by the index and margin on your loan. See page 2 of this booklet for more about index and margin.

### INITIAL INTEREST RATE

This is the interest rate at the beginning of your loan. The initial interest rate changes to the index plus the margin at your first adjustment (subject to the limits on interest rate changes). Your loan servicer tells you your new payment amount seven to eight months in advance, so you can budget for it or shop for a new loan.

### MINIMUM/MAXIMUM INTEREST RATE

This shows how low or high your interest rate could be over the life of your loan. Generally, an ARM's interest rate is never lower than the margin.

### CHANGE FREQUENCY

This indicates when the interest rate on your loan will change. Your loan servicer sends you advance notices of changes.

### LIMITS ON INTEREST RATE CHANGES

This shows the highest amount your interest rate can increase when there is a change.

| Adjustable Interest Rate (AIR) Table |                                    |
|--------------------------------------|------------------------------------|
| Index + Margin                       | 1 Year Cmt + 2.5%                  |
| Initial Interest Rate                | 3%                                 |
| Minimum/Maximum Interest Rate        | 2.5% / 8%                          |
| Change Frequency                     |                                    |
| First Change                         | Beginning of 61st month            |
| Subsequent Changes                   | Every 12 months after first change |
| Limits on Interest Rate Changes      |                                    |
| First Change                         | 2%                                 |
| Subsequent Changes                   | 2%                                 |

Example of "AIR table" section. Find this on page 2 of your own Loan Estimate

### ! "TEASER" RATES

Some lenders offer a "teaser," "start," or "discounted" rate that is lower than their fully indexed rate. When the teaser rate ends, your loan takes on the fully indexed rate. Don't assume that a loan with a teaser rate is a good one for you. Not everyone's budget can accommodate a higher payment.

Consider this example:

- A lender's fully indexed rate is 4.5% (the index is 2% and the margin is 2.5%).
- The loan also features a "teaser" rate of 3%.
- Even if the index doesn't change, your interest rate still increases from 3% to 4.5% when your teaser rate expires.



## COMPARE YOUR ARM OFFERS

Shop for at least three loan offers, and fill in the blanks below using the information on your Loan Estimates:

|  | ARM OFFER 1 | ARM OFFER 2 | FIXED-RATE OFFER |
|--|-------------|-------------|------------------|
| Lender name  |             |             |                  |
| Loan amount  | \$          | \$          | \$               |
| Initial interest rate  | %           | %           | %                |
| Initial principal and interest payment                             | \$          | \$          | \$               |
| Index  |             |             |                  |
| Margin   |             |             |                  |
| How long will the initial interest rate and initial payment apply? |             |             |                  |
| How high can my interest rate go?                                  | %           | %           | %                |
| How high can my principal and interest payment go?                 | \$          | \$          | \$               |

My best loan offer is: \_\_\_\_\_



### THE TALK

You are in control of whether or not to proceed with an ARM. If you prefer to proceed with a fixed-rate mortgage, here is one way to start the conversation with a lender:

“A fixed-rate mortgage seems to be a better fit for me. Let’s talk about what you can offer and how it compares to other loans I may be able to get.”

## Review your lender’s ARM program disclosure

Your lender gives you an ARM program disclosure when they give you an application. This is the lender’s opportunity to tell you about their different ARM loans and how the loans work. The index and margin can differ from one lender to another, so it is helpful to compare offers from different lenders.

Generally, the index your lender uses won’t change after you get your loan, but your loan contract may allow the lender to switch to a different index in some situations.

### GATHER FACTS

Review your program disclosure and ask your lender questions to understand their ARM loan offerings:

- How are the interest rate and payment determined?
- Does this loan have interest-rate **caps** (that is, limits on interest rate changes)?
- How often do the interest rate and payment adjust?
- What index is used and where is it published?
- Is the initial interest rate lower than the fully indexed rate? (see “Teaser rates,” on page 12)
- What type of information is provided in notices of adjustment and when do I receive them?

## Ask about other options offered by your lender

### Conversion option

Your loan agreement may include a clause that lets you convert the ARM to a fixed-rate mortgage in the future.

When you convert, the new rate is generally set using a formula given in your loan documents. That fixed rate may be higher or lower than interest rates available to you in the market at that time. Also your lender may charge you a conversion fee. Ask your lender whether the loan you are being offered has a conversion feature and how it works.

### Special features

You can shop around to understand what special ARM features may be available from different lenders.

Not all programs are the same. Talk with your lender to find out if there’s anything special about their ARM programs that you may find valuable.

## Check your ARM for features that could pose risks

Some types of ARMs have features that can reduce your payments in the short term but may include fees or the risk of higher payments later. Review your loan terms and make sure that you understand the fees and how your rate and payment may change. **Lower payments at the beginning could mean higher fees or much higher payments later.**

## Paying points to reduce your initial interest rate

Lenders can offer you a lower rate in exchange for paying loan fees at closing, or **points**.

With an ARM, paying points often reduces your interest rate only until the end of the initial period—the reduction most likely does not apply over the life of your loan.

If you are using an ARM to refinance a loan, points are often rolled into your new loan amount. You might not realize you are paying points unless you look carefully. Points are disclosed on the top of Page 2 of your Loan Estimate.

Lenders may give you the option to pay points, but you never have to take that option. To figure out if you have a good deal, compare your cost in points with the amount that you will save with a lower interest rate.

### Loan Costs

| A. Origination Charges     | \$3,160 |
|----------------------------|---------|
| 1% of Loan Amount (Points) | \$2,160 |
| Application Fee            | \$500   |
| Processing Fee             | \$500   |

*Example of "Loan costs" section. Find this on page 2 of your own Loan Estimate*

### THE TALK

If your Loan Estimate shows points, ask your lender:

- "What is my interest rate if I choose not to pay points?"
- "How much money do I pay in points? And, compared to the total reduction in my payments during the initial period, am I coming out ahead?"
- "Can I see a revised Loan Estimate with the points removed and the interest rate adjusted?"



## Interest-only ARMs

With an interest-only ARM payment plan, you pay only the interest for a specified number of years. During this interest-only period, you have smaller monthly payments, but you are not paying anything toward your mortgage loan balance.

When the interest-only period ends, your monthly payment increases—even if interest rates stay the same—because you must start paying back the principal plus the interest each month. Your monthly payments can increase a lot. The longer the interest-only period, the more your monthly payments increase after the interest-only period ends.

## Payment option ARMs

Payment option ARMs were common before 2008 when the housing crisis began, and some lenders might still offer them.

A payment option ARM means the borrower can choose from different payment options, such as:

- A traditional principal and interest payment
- An interest-only payment (see above)
- A minimum payment, which could result in negative amortization

**Negative amortization** happens when you are not paying enough to cover all of the interest due. Your loan balance goes up instead of down.



### GATHER FACTS

Learn more information about payment option ARMs and negative amortization at:

- [cfpb.gov/payment-option-arm/](https://cfpb.gov/payment-option-arm/)
- [cfpb.gov/negative-amortization/](https://cfpb.gov/negative-amortization/)



### WELL DONE!

Choosing the right home loan is just as important as choosing the right home. By equipping yourself with knowledge about ARMs, you can decide whether or not this type of loan is the right choice for you.

# Consumer Handbook on Adjustable-Rate Mortgages



## ASK YOUR LENDER

- How high can my payment go?
- How high can my interest rate go?
- How long is my initial principal and interest payment guaranteed?



## ASK YOURSELF

- Have I shopped around to compare ARMs and fixed-rate loans?
- If an ARM has a lower initial interest rate than a fixed-rate mortgage, is paying less money now worth the risk of an increase later?
- Can I afford the highest payment possible with the ARM if I can't sell the home, or refinance into a lower rate, before the increase?



## ONLINE TOOLS

**CFPB website**

[cfpb.gov](https://cfpb.gov)

**Answers to common questions**

[cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Tools and resources for home buyers**

[cfpb.gov/owning-a-home](https://cfpb.gov/owning-a-home)

**Talk to a housing counselor**

[cfpb.gov/find-a-housing-counselor](https://cfpb.gov/find-a-housing-counselor)

**Submit a complaint**

[cfpb.gov/complaint](https://cfpb.gov/complaint)