

**PACIFIC TRUST BANK**

**ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE  
11<sup>th</sup> DISTRICT COST OF FUNDS INDEX 30-YEAR ARM**

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

Information about our other ARM programs will be provided upon request.

**HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:**

- Your interest rate will be based on an index rate plus a margin. Please ask us for our current interest rates and margins.
- The index is the monthly weighted average Cost Of Funds Index for 11<sup>th</sup> District Savings Institutions. Index values are published by the Federal Home Loan Bank of San Francisco.
- Your initial interest rate is not based on the index used to make later adjustments. If the initial interest rate is below the sum of the then-current index plus margin (the "fully indexed rate"), then the initial interest rate will be a "discounted" interest rate. If the initial interest rate is above the fully indexed rate, then it will be a "premium" interest rate. Please ask us for the amount of our current interest rate discounts and premiums.
- Your payment will be based on the interest rate, loan balance, and remaining loan term.

**HOW YOUR INTEREST RATE AND PAYMENT CAN CHANGE:**

- Your interest rate can change every 6 months.
- Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:
  - Your interest rate will be rounded to the nearest 1/8 percent.
  - Your interest rate will not increase or decrease by more than 1.0% per adjustment.
  - Your interest rate will not increase by more than 6.0% over the term of the loan.

- Your payment can change each time the interest rate changes and can increase or decrease substantially based on changes in the interest rate.

- For example:

On a \$10,000, 30-year loan with an initial interest rate of **5.000%** in effect in **July 2008**, the maximum amount that the interest rate can rise under this program is **6** percentage points, to **11.000%**, and the monthly payment can rise from an initial monthly payment of **\$53.68** to a maximum of **\$93.71** in the **4th** year. To see what your payment would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be:  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$53.68 = \$322.08$  per month.)

- You will be notified in writing at least 25, but no more than 120, days before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount, and loan balance.

I have received a copy of this ARM program disclosure.

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Applicant Date

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Applicant Date

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Applicant Date

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Applicant Date

