

PACIFIC TRUST BANK

**ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE
INTEREST-ONLY 11th DISTRICT COST OF FUNDS INDEX MAXIMIZER 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 11th 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 "interest only" based on the interest rate and loan balance. On the Maturity Date, a balloon payment is required.

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, interest-only 30-year balloon loan with an initial interest rate of **5.125%** in effect in **July 2008**, the maximum amount that the interest rate can rise under this program is **6** percentage points, to **11.125%**, and the monthly payment can rise from an initial monthly payment of **\$42.71** to a maximum of **\$92.71** 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 \$42.71 = \256.26 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.

Applicant Date

Applicant Date

Applicant Date

Applicant Date

