UBank

Initial Adjustable-Rate Mortgage (ARM) Loan Disclosure Notice and Consumer Handbook on Adjustable-Rate Mortgages (CHARM) Booklet

Please Read Carefully

This Disclosure Notice is being provided in connection with your application with UBank for an Adjustable-Rate Mortgage (ARM) and includes information to explain the ARM program. Additional information is available on request.

CONSUMER HANDBOOK ON ADJUSTABLE-RATE MORTGAGES (CHARM)

In addition to the ARM Disclosure Notice below, lenders are required to provide the Consumer Handbook on Adjustable-Rate Mortgages (CHARM Booklet) to borrowers that apply for an ARM product. The Booklet can be found on the Consumer Financial Protection Bureau (CFPB) website, which, for your records, may be printed, saved, or revisited at a later time. The following third-party government agency web address may be copied and pasted into a web browser to view the Booklet:

https://files.consumerfinance.gov/f/documents/cfpb_charm_booklet.pdf.

How Does an ARM Work?

UBank's ARMs begin with a fixed rate and then adjusts upward or downward after the initial fixed term. Rate changes are based on changes in an index and result in an increase or decrease in the regular monthly loan payment. You may see an ARM described with figures such as 3/1, 5/1 and 7/1. The first figure in each set refers to the initial period of the loan, during which your interest rate will stay the same as it was on the day you signed your loan papers. The second number is the adjustment period, showing how often adjustments can be made to the rate after the initial period has ended. The examples below are all one-year ARMs, meaning the adjustments could happen every one year (twelve months).

- A 7/1 ARM would have the same interest rate for seven years after closing, and then the rate adjusts every year after that. In other words, the interest rate would be subject to change once every year.
- In contrast, a 5/1 ARM would have the same interest rate for five years after closing, and then the rate adjusts every year thereafter.
- In contrast, a 3/1 ARM would have the same interest rate for three years after closing, and then the rate adjusts every year thereafter.

How Your Interest Rate and Payment Are Determined

- Your payment will be based on the interest rate, loan balance, and loan term.
- Your interest rate will be based on the Wall Street Journal Prime index plus a margin
- The interest rate will be based on the Wall Street Journal Prime Rate, the base rate on corporate loans posted by at least 70% of the nation's 10 largest banks plus our margin and rounding the result to the nearest one-thousandth of one percentage point (0.001%).
- Information about the index is published in the Money Rates section of the Wall Street Journal.
- Ask us for our current interest rate and margin.
- None of these ARM products have a demand feature.
- None of these ARM products have a conversion option to a fixed interest rate.

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

How Your Interest Rate and Monthly Payment Can Change

- Your interest rate remains fixed for an initial term, depending upon the ARM Program you choose.
- Your interest rate and monthly payment can change after the initial fixed period, determined by the ARM product chosen.
- Each date that your interest is scheduled to change is called a "Change Date".
- Your first interest rate cannot increase or decrease by more the 2.00 percentage points.
- Your interest rate cannot increase or decrease by more the 2.00 percentage points at each adjustment.
- Your interest rate cannot increase or decrease by more than 8.00 percentage points over the term of the loan.
- Your maximum interest rate will not exceed 18.00%

When Your Payment Changes

- Your payment can change every 12 months based on changes in the interest rate.
- Your monthly payments can increase or decrease substantially based on the specified changes in the interest rates.
- Your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount or premium amount.
- Most ARM loans carry a provision for a change in the interest rate and monthly payment.

You will be notified at least 210, but no more than 240 days before the first payment that the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

You will be notified at least 25, but no more than 120 days before the first payment that the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

Any increase in interest will mean a higher payment amount.

Please review the UBank ARM summaries below for the features of our various ARM options. Do not hesitate to contact us for further information of any of these and other mortgage loan options.

3/1 ARM, 3/1 ARM Jumbo

Your interest rate can change in 36 months and every year thereafter.

• **Index**: Wall Street Journal Prime Rate

• **Range**: Plus-minus 2 percentage points at initial and periodic adjustments

• **Term Range**: Plus-minus 8 percentage points over the term of the loan

Payment Example: On a $10,000, 30-yr loan with an initial interest rate of 7.50% in effect August 2026, the maximum amount that the interest rate can rise under this program is eight percentage points, to 15.50%, and the monthly payment can rise from a first-year payment of $69.92 to a maximum of $144.34 after the ninth year.

Calculating Your Principal and Interest Payment: Divide your mortgage amount by $10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of $100,000 would be: $100,000 / $10,000 = 10; 10 x $69.92 = $699.20 per month.

Additional Program Note: Someone buying this property cannot assume the remainder of the mortgage balance on the original mortgage terms.

5/1 ARM, 5/1 ARM Jumbo

Your interest rate can change in 60 months and every five years thereafter.

• **Index**: Wall Street Journal Prime Rate

• **Range**: Plus-minus 2 percentage points at initial and periodic adjustments

• **Term Range**: Plus-minus 8 percentage points over the term of the loan

Payment Example: On a $10,000, 30-yr loan with an initial interest rate of 7.75% in effect August 2026, the maximum amount that the interest rate can rise under this program is eight percentage points, to 15.75%, and the monthly payment can rise from a first-year payment of $71.64 to a maximum of $141.34 after the eleventh year.

Calculating Your Principal and Interest Payment: Divide your mortgage amount by $10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of $100,000 would be: $100,000 / $10,000 = 10; 10 x $71.64 = $716.40 per month.

Additional Program Note: Someone buying this property cannot assume the remainder of the mortgage balance on the original mortgage terms.

7/1 ARM, 7/5 ARM Jumbo

Your interest rate can change in 84 months and every five years thereafter.

• **Index**: Wall Street Journal Prime Rate

• **Range**: Plus-minus 2 percentage points at initial and periodic adjustments

• **Term Range**: Plus-minus 8 percentage points over the term of the loan

Payment Example: On a $10,000, 30-yr loan with an initial interest rate of 8.25% in effect August 2026, the maximum amount that the interest rate can rise under this program is eight percentage points, to 16.25%, and the monthly payment can rise from a first-year payment of $75.13 to a maximum of $138.84 after the twelfth year.

Calculating Your Principal and Interest Payment: Divide your mortgage amount by $10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of $100,000 would be: $100,000 / $10,000 = 10; 10 x $75.13 = $751.30 per month.

Additional Program Note: Someone buying this property cannot assume the remainder of the mortgage balance on the original mortgage terms.

This is not a contract nor a commitment to lend.

This disclosure does not constitute a commitment to make a loan to you. If you eventually obtain a loan, the note, security instrument and related documents will establish your legal rights and obligations regarding the loan.