

**NEWTOWN SAVINGS BANK
39 MAIN STREET
NEWTOWN, CT 06470**

**ADJUSTABLE RATE MORTGAGE PROGRAM DISCLOSURE
JUMBO 5/1 YEAR ADJUSTABLE RATE MORTGAGE**

This disclosure describes the features of one of the adjustable rate mortgage (ARM) programs you may wish to consider. Disclosures and further information on other ARM programs are available on request.

HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED

Your interest rate and payment amount can change. Starting with your first change, your interest rate will be based on the Index rate plus a margin, and will be rounded. Your payment amount will be based on the interest rate, loan balance and remaining loan term. Ask us for the current interest rate and margin

Many of the terms used here, such as "Index" and "Margin" are explained in the booklet entitled "**Consumer Handbook on Adjustable Rate Mortgages**" which is provided with this disclosure.

Your Index is the weekly average yield on one-year U.S. Treasury securities adjusted to a constant maturity of one year, published weekly (usually Tuesday) in the Wall Street Journal.

Each time we change your interest rate, it will be set to equal the index plus a margin, and rounded to the nearest 1/8th of one percentage point. This will equal your new interest rate unless your interest rate "caps" limit the amount of change in the interest rate. See the description of "caps" in the section below.

Please note, however, that your initial interest rate is not based on the index used to make later adjustments. Initial interest rates which have been set in this manner are often referred to as having a "discount". Ask us for the amount this adjustable rate mortgage program is currently "discounted".

HOW YOUR INTEREST RATE CAN CHANGE

Your initial interest rate and payment can change after sixty (60) months, and can continue to change every year thereafter. The amount and change in any escrows are not described in or taken into account in this advance disclosure.

Your interest rate cannot increase or decrease more than two percentage points (2.000%) at each adjustment, or increase more than five percentage points (5.000%) over the initial rate during the term of the loan. These are called interest rate "caps". Your interest rate will never be lower than 3.250%.

HOW YOUR MONTHLY PAYMENT CAN CHANGE ("Worst Case Scenario")

Your monthly payment can increase or decrease substantially based on changes in the interest rate. Your monthly payment can change after sixty (60) months and every year thereafter based on changes in the interest rate. These amounts and any changes in any tax escrows or insurance escrows are not described or taken into account in this advance disclosure.

For example, on a \$10,000 30-year loan with an initial rate of 3.375% in effect January 2020, the maximum amount that the interest rate may rise under this loan program is 5.000 percentage points to 8.375%, and the monthly payment can rise from a first year payment of \$44.21 to a maximum of \$70.64 in the eighth year. These payments are principal and interest only and do not include tax escrow or insurance payments.

To see what your payments would be, divide your mortgage amount by \$10,000: then multiply the monthly payments by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 / \$10,000 = 6$; $6 \times \$44.21 = \265.26)

NOTICE OF INTEREST RATE AND PAYMENT ADJUSTMENTS

You will be notified at least 210, but not more than 240 days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount and loan balance.

We will send you a written notice at least 25 but not more than 120 days before a change in rate takes effect. Once the rate is changed, the payment first due after the rate will reflect the new payment level. This is caused by the fact that the mortgage interest is changed for the month immediately past. This notice will contain information about your index, interest rates, payment amount and loan balance.