VARIABLE RATE MORTGAGE PROGRAM DISCLOSURE

(This is neither a contract nor a commitment to lend.)

LENDER: Mt. McKinley Bank
VARIABLE RATE MORTGAGE PROGRAM: Construction ARM Loan

This disclosure describes the features of the adjustable rate mortgage (ARM) you are considering. Information on other ARM programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate and the advanced loan balance.
- The index used to determine your initial interest rate and/or all adjustments is the Prime Rate as published in the Wall Street Journal on the last business day of the month.

  NOTE: If the index for your variable rate mortgage loan is no longer available, the Lender will choose a new index which is based on comparable information.
- Your monthly payment will be interest only.
- Your interest rate will equal the index plus our margin.

Ask us for our current interest rate margin. (The margin we have used recently is 2% your margin may be different)

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change in the first month initially, and every month thereafter.
- Your interest rate will be rounded off to the nearest .1250% at each adjustment.
- There are no caps on the interest rate increases or decreases on this loan.

HOW YOUR PAYMENT CAN CHANGE

- Your monthly interest payment can increase or decrease substantially based on monthly changes in the interest rate.
- Each month a Payment Notice will be sent to you.

  EXAMPLE: On a $10,000*, 18 month loan with an initial interest rate of 5.25%, the maximum amount the interest rate has been over the past fifteen years is 10.00%, and the payment can raise from a first-month payment of $43.75 to a maximum of $83.33 in the second month.

  **Based on advanced construction funds*

  To see what your payment is, 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 ÷ $10,000 = 6; 6 X $43.75 = $262.50 per month.)
- Your monthly interest payment will increase as additional funds are advanced.

ADDITIONAL FEATURES OF YOUR VARIABLE RATE MORTGAGE PROGRAM

- Someone buying this property cannot assume the remaining balance due under the original mortgage terms.
- This Variable Rate Mortgage Program Disclosure does have a Demand Feature.

I/We hereby acknowledge receipt of this Variable Rate Mortgage Program Disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages on the date indicated below.

Borrower Date	Borrower Date
Borrower Date	Borrower Date