



Disclosure of Adjustable Rate Mortgage Loan Programs

This Disclosure describes the features of the adjustable-rate mortgage (ARM) programs we offer: 3/3, 5/1.

How Your Interest Rate and Payment Are Determined

Your initial interest rate is not based on the index and margin used to make later adjustments. It is set by Kennebec Savings Bank in its discretion. The initial interest rate may be below the sum of the current index plus margin (the “fully indexed rate”), also known as a “discounted” interest rate, or above the fully indexed rate, known as a “premium” interest rate. Ask us for the current amount of our ARM discounts or premiums.

After the first three or five years of your loan, as applicable, your interest rate will be based on an index as described in the table below plus a margin. Ask us about our current interest rates and margins.

The Index: The interest rate changes on these ARMs will be based on the following indices.	
3/3 ARM	5/1 ARM
The weekly average for three-year United States Treasury Securities adjusted to a constant maturity yield.	The weekly average for one-year United States Treasury Securities adjusted to a constant maturity yield.
These indices are available in the Federal Reserve Statistical Release H-15 (www.federalreserve.gov/releases/h15)	

Your payment will be based on the interest rate, loan balance, and loan term.

How Your Interest Rate Can Change

Your interest rate can change as described in the table below. Your interest rate cannot increase or decrease more than 2 percentage points at each adjustment. Your interest rate cannot increase or decrease more than 6 percentage points over the term of the loan. Your interest rate will equal the sum of the index and the margin, rounded to the nearest 1/8%.

Frequency of Interest Rate Changes	
3/3 ARM	5/1 ARM
After 36 months and every 36 months thereafter.	After 60 months and every 12 months thereafter.

How Your Payment Can Change

Your payment can change based on changes in the interest rate as described in the table below. Your payment can increase or decrease substantially at each adjustment based on changes to the interest rate.

Frequency of Payment Changes	
3/3 ARM	5/1 ARM
After 36 months and every 36 months thereafter.	After 60 months and every 12 months thereafter.

You will be notified in writing at least 210 but no more than 240 days before the due date of your first payment at a new level. This notice will contain information about your interest rates, payment amount, and loan balance.

You will be notified in writing at least 60 but not more than 120 days before the due date of all subsequent payments at a new level. This notice will also contain information about your interest rates, payment amount, and loan balance.

Examples for 3/3 ARM:

For example, on a \$10,000 loan for a 3/3 ARM with an initial interest rate of 6.500% (in effect on the first business day of January, 2025), the maximum amount that the interest rate can rise is 6 percentage points, to 12.500%. The minimum term of a 3/3 ARM is 37 months and the maximum term is 30 years.

The monthly payment for a 3/3 ARM with a 5 year term can rise from a first-year payment of \$195.66 to a maximum of \$199.66 in the fourth year; with a 15 year term, from a first year payment of \$87.11 to a maximum of \$110.04 in the tenth year; and with a 30 year term, from a first year payment of \$63.21 to a maximum of \$101.42 in the tenth year.

To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the initial monthly payment for a 3/3 ARM mortgage with a term of 30 years in the amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$63.21 = \379.26 per month.

Examples for 5/1 ARM:

For example, on a \$10,000 loan for a 5/1 ARM with an initial interest rate of 6.750% (in effect on the first business day of January, 2025), the maximum amount that the interest rate can rise is 6 percentage points, to 12.750%. The minimum term of a 5/1 ARM is 61 months and the maximum term is 30 years.

The monthly payment for a 5/1 ARM with a 61 month term can rise from a first year payment of \$194.12 to a maximum of \$194.50 in the sixth year; with a 15 year term, the monthly payment can rise from a first year payment of \$88.49 to a maximum of \$111.67 in the eighth year; and with a 30 year term, the monthly payment can rise from a first year payment of \$64.86 to a maximum of \$103.24 in the eighth year.

To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the initial monthly payment for a 5/1 ARM mortgage with a term of 30 years in the amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$64.86 = \389.16 per month.

Prepayment

You may prepay any of our ARMs in whole or in part without penalty at any time.