

ADJUSTABLE RATE MORTGAGE LOAN DISCLOSURE
FIVE YEAR/ONE YEAR LIBOR ARM: NO CONVERSION OPTION
(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND.)

LENDER: Heartland Mortgage, a division of Heartland Bank

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

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

- Your payment will be based on the interest rate, loan balance, and loan term.
- The interest rate will be based on an index rate plus a margin.
 - The index is the average of the interbank offered rates for one year U.S. dollars denominated deposits in the London Market (LIBOR). Ask us for our current rate and margin
 - Information about the index is published in the Wall Street Journal.
- Your interest rate will equal the index rate plus our margin unless your interest rate “caps” limit the amount of change in the interest rate.
- This adjustable rate mortgage loan has a premium feature. A premium interest rate is one that is greater than the interest rate calculated by adding the index and the margin.
- Example below reflects the last week ending in the month stated.

HOW YOUR INTEREST RATE CAN CHANGE:

- The maximum period of time before the first interest rate change date is sixty months.
- Your interest rate can change annually after the first change date.
- Your interest rate cannot increase or decrease more than 2.00 percentage points at each adjustment.
- Your interest rate cannot increase or decrease more than 5.00 percentage points over the term of the loan.
- Your interest rate will never go below the note margin.
- Your interest rate will be rounded to the nearest 0.125% at each adjustment.

HOW YOUR MONTHLY PAYMENT CAN CHANGE:

- Your monthly payment will change approximately 60 months from closing and every 12 months thereafter.
- Your monthly payment can increase or decrease substantially based on changes in the interest rate.
- For example, 30 year loan with an initial interest rate of 5.75% (interest rate reflective of index plus margin, plus the amount of the premium, in effect at closing), the maximum amount that the interest rate can rise under this program is 5.0 percentage points, to 10.75%, and the monthly payment can rise from first year payment of \$58.36 to a maximum of \$91.63 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 monthly payment for a mortgage amount of \$60,000 would be: For a 30 year term: \$60,000 divided by \$10,000 = 6.0 X \$58.36 = \$350.16.

You will be notified in writing at least 25 days before the due date of a payment at a new level. This notice will contain information about your index, interest rate, payment amount and loan balance.

Assumption Policy: Someone buying your home may, subject to conditions and the Lender’s prior written consent, be allowed to assume the remainder of the mortgage on the original terms.

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

Heartland Mortgage, a Division of Heartland Bank

Lender

Borrower/Date

Authorized Representative/Date

Borrower/Date

(HMC 5/1 LIBOR 2/5 cap)