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## ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE

### INTRODUCTION

This disclosure describes the features of the adjustable rate mortgage (“ARM”) programs, which we currently offer. Information on other ARM programs is available upon request.

#### HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

Your interest rate, which is rounded to the nearest 1/8 percent, will be based on an index plus a margin. Your index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year published weekly in the Wall Street Journal. Ask for our current interest rate and margin.

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

The initial interest rate (“Introductory Rate”) is not based on the above described index and margin used to make later adjustments. Ask us for the amount of current interest rate discounts.

We are currently offering the following ARM programs and corresponding interest rate terms which you may choose from:

<b>ARM Program</b>	<b>Description of Interest Rate Terms</b>
1/1 ARM	1 year fixed Introductory Rate with annual interest rate adjustments thereafter
3/1 ARM	3 year fixed Introductory Rate with annual interest rate adjustments thereafter
5/1 ARM	5 year fixed Introductory Rate with annual interest rate adjustments thereafter
7/1 ARM	7 year fixed Introductory Rate with annual interest rate adjustments thereafter
10/1 ARM	10 year fixed Introductory Rate with annual interest rate adjustments thereafter

#### HOW YOUR INTEREST RATE CAN CHANGE

Your interest rate will not change while your Introductory Rate is in effect. Once your Introductory Rate has ended, your interest rate can change yearly throughout the remaining term of your loan.

Your interest rate cannot increase or decrease by more than 2 percentage points at each adjustment. Your interest rate cannot increase by more than 6 percentage points over the term of the loan.

## HOW YOUR PAYMENTS CAN CHANGE

Your payments will not change while your Introductory Rate is in effect. Once your Introductory Rate has ended, your payments can change yearly throughout the remaining term of your loan based on changes in the interest rate applicable to your loan.

You will be notified in writing at least 25, but no more than 120 calendar days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount and loan balance.

## EXAMPLES OF HOW YOUR PAYMENTS CAN CHANGE

With the exception of the period in which your Introductory Rate is in effect (during which time the amount of your payments will remain the same), your payments thereafter can increase or decrease substantially throughout the remaining term of your loan, based on the annual changes in the interest rate applicable to your loan. The following examples illustrate how your payments can substantially increase or decrease throughout the life of your loan, depending on the ARM program you select:

### *ARM Program*

### *Payment Examples*

#### 1/1 ARM

For example, on a \$10,000, 30 year loan with a 1 year fixed Introductory Rate of 5.625% (in effect July, 2008), the maximum amount that the interest rate can rise under this program is 6 percentage points, to 11.625%, and the monthly payment can rise from a first year payment of \$57.57 to a maximum of \$98.29 in the 4<sup>th</sup> year. To see what your payment 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;  $\$60,000/\$10,000=6$ ;  $6 \times \$57.57 = \$345.42$  per month).

#### 3/1 ARM

For example, on a \$10,000, 30 year loan with a 3 year fixed Introductory Rate of 5.750% (in effect July, 2008), the maximum amount that the interest rate can rise under this program is 6 percentage points, to 11.750%, and the monthly payment can rise from a first year payment of \$58.36 to a maximum of \$97.24 in the 6<sup>th</sup> year. To see what your payment 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;  $\$60,000/\$10,000=6$ ;  $6 \times \$58.36 = \$350.16$  per month).

#### 5/1 ARM

For example, on a \$10,000, 30 year loan with a 5 year fixed Introductory Rate of 5.875% (in effect July, 2008), the maximum amount that the interest rate can rise under this program is 6 percentage points, to 11.875%, and the monthly payment can rise from a first year payment of \$59.15 to a maximum of \$96.08 in the 8<sup>th</sup> year. To see what your payment 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;  $\$60,000/\$10,000=6$ ;  $6 \times \$59.15 = \$354.90$  per month).

