

VARIABLE RATE MORTGAGE PROGRAM DISCLOSURE

Loan #:

Date:

Lender: ORRSTOWN BANK
2695 PHILADELPHIA AVENUE
CHAMBERSBURG, PA 17201

VARIABLE RATE MORTGAGE PROGRAM: P5/1ARM

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 Rate plus a Margin. Please ask us for our current Index Rate and Margin.
- This variable rate mortgage has a PREMIUM feature, and your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount/or premium amount.
- This type of ARM loan carries a provision for a change in: the Interest Rate the Monthly Payment the Loan Term.

Your payment will be based on the Interest Rate, Loan Balance, and Loan Term.

The index used to determine your initial interest rate and/or all adjustments is: Weekly Average Yield of 1 Year Treasury Securities
- weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year.

NOTE: If the index for our variable rate mortgage loan is no longer available, the Lender will choose a new index, which is based on comparable information.

Information about the Index can be found in: FEDERAL RESERVE STATISTICAL RELEASE H.15 (519)

Your Interest Rate will be equal to: INDEX PLUS MARGIN

The Margin on your loan is: 2.750

HOW YOUR INTEREST RATE CAN CHANGE

The initial interest rate is the interest rate that is charged for the first 60 months of your mortgage depending on the terms outlined in your Adjustable Rate Note. After the first adjustment your interest rate may be adjusted ANNUALLY

- Your Interest Rate cannot increase more than 2.000 percentage point(s) at the initial adjustment.
- Your Interest Rate cannot decrease more than 2.000 percentage point(s) at the initial adjustment.
- Your Interest Rate cannot increase more than 2.000 percentage point(s) at each periodic adjustment.
- Your Interest Rate cannot decrease more than 2.000 percentage point(s) at each periodic adjustment.
- Your Interest Rate cannot increase more than 6.000 percentage point(s) from the Note Rate over the Term of the Loan.
- Your Interest Rate cannot decrease more than 3.000 percentage point(s) from the Note Rate over the Term of the Loan.

Your interest rate will be rounded TO THE NEAREST ONE EIGHTH

- This variable rate loan uses interest rate carry-over.
EXAMPLE:

HOW YOUR PAYMENT CAN CHANGE

Your Monthly Payment can increase or decrease substantially based on changes in the Interest Rate that occur ANNUALLY

You will be notified in writing at least 45 days before the payment adjustment may be made. This Notice will contain information about your Interest Rates, Payment Amount and Loan Balance.

Example: On a \$10,000 loan with an initial interest rate of 5.750 % in effect on 06/14/2011 , the maximum amount that the interest rate can rise under the program is 6.000 percentage points to 11.750 %, and the monthly payment can rise from a first-year payment of \$ 58.36 to a maximum of \$ 95.07 in the 6th 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 at 5.750 % for mortgage amount of \$60,000.00 would be \$60,000.00/ \$10,000 = 6 x \$ 58.36 = \$ 350.16 per month)

Any increase in interest will take the form of a larger amount due at maturity higher payment amount or more payments of the same amount.

This variable rate mortgage loan program has a negative amortization feature. An increase in your interest rate will result in your loan being negatively amortized, and the following will apply:

YOUR INTEREST RATE CONVERSION OPTION

This variable rate mortgage loan program has an option for you to convert your variable interest rate to a fixed interest rate. You should be aware that if you exercise this option the interest rate may be increased from the variable rate you have been paying.

If you choose this conversion option, you may only convert if certain conditions are met. These conditions are:

You may convert to a fixed interest rate only during the following time period:

Your new fixed interest rate will be determined by:

ADDITIONAL FEATURES OF YOUR VARIABLE RATE MORTGAGE PROGRAM

- Someone buying this property cannot assume the remaining balance due under the original mortgage terms.
- Someone buying this property may assume, subject to the lender's conditions, the remaining balance due under the original mortgage
- This Variable Rate Mortgage Program does not have a Demand Feature.
- This Variable Rate Mortgage Program does have a Demand Feature and is subject to the following:

Other additional features:

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

Borrower: _____ Date _____ Borrower: _____ Date _____

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