

**FACTS****WHAT DOES FIRST MADISON VALLEY BANK DO WITH YOUR PERSONAL INFORMATION?**

Rev. 12/2010

**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and payment history
- credit history and credit scores

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons First Madison Valley Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does First Madison Valley Bank share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes—information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

**Questions?**

Call 888.622.4215 or go to [www.bankingonthefuture.com](http://www.bankingonthefuture.com)

**Who we are**

**Who is providing this notice?**

First Madison Valley Bank - Ennis, MT 59729; Yellowstone Basin Bank - W. Yellowstone, MT 59758; First Boulder Valley Bank - Boulder, MT 59632; and Montana City Bank - Montana City, MT 59634

**What we do**

**How does First Madison Valley Bank protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

**How does First Madison Valley Bank collect my personal information?**

We collect your personal information, for example, when you

- open an account or deposit money
- apply for a loan or pay your bills
- use your credit or debit card

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes – information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

**Definitions**

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *First Madison Valley Bank does not share with our affiliates.*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *First Madison Valley Bank does not share with nonaffiliates so they can market to you.*

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *First Madison Valley Bank doesn't jointly market.*

**Other important information**

# EARLY ARM DISCLOSURE STATEMENT

**Applicant:**

**Lender:** First Madison Valley Bank  
P.O. Box 307  
213 E Main Street  
Ennis, MT 59729  
(406) 682-4215

## ADJUSTABLE RATE MORTGAGE ("ARM") IMPORTANT MORTGAGE LOAN INFORMATION -- PLEASE READ CAREFULLY PROGRAM NAME: FIRST MADISON VALLEY BANK-ADJUSTABLE RATE MORTGAGE

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with First Madison Valley Bank (referred to in this disclosure as "we," "us," "our" or "Lender"), you should read the information below concerning the differences between this ARM program and other mortgage loan programs with which you may be familiar. This disclosure describes the features of the specific ARM that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we offer.

**GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE LOAN.** This loan is an Adjustable Rate Mortgage loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. This ARM program is based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

You should read carefully this disclosure and the promissory note, deed of trust or mortgage, any riders and all other documents that you will be asked to sign if we offer an ARM to you and you accept it. This disclosure is not a contract or a loan commitment. However, the loan documents once signed will be a contract between you and us. The matters discussed in this disclosure are subject to change by us at any time without notice.

**HOW YOUR INTEREST RATE IS DETERMINED.** Your interest rate will be determined by means of an index that may change from time to time.

**The Index.** The interest rate charged under this ARM program will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the New York Prime. Information about this Index is available in the Wall Street Journal. If the Index is no longer available, we will choose a new index that is based upon comparable information.

**Interest Rate.** The interest rate is based on the Index value, plus a margin. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and any minimum or maximum interest rate limits, as discussed below.

**Interest Rate Adjustments.** Your interest rate under this ARM program can change every two years. Your interest rate cannot increase or decrease more than 1.000 percentage point at each adjustment. However, under no circumstances will your interest rate increase more than 10.500 percentage points or go below 7.500% per annum at any time during the term of your loan.

**HOW YOUR PAYMENTS ARE DETERMINED.** Your monthly payment of principal and interest will be based on the interest rate, loan term, and loan balance. Your periodic payments will not fully amortize your loan, and you will be required to make a single payment of the periodic payment plus the remaining unpaid balance at the end of the loan term.

**Frequency of Payment Changes.** Based on increases or decreases in the Index, payment amounts under this ARM program can change every two years.

**Payment Example.** Your payment may increase or decrease substantially depending on changes in the interest rate. For example, on a \$10,000, 8-year loan with an initial interest rate of 7.500% (the Index rate in effect July 2012, plus a margin of 4.250%), the maximum amount that the interest rate can rise under this program is 3.000 percentage points to 10.500%, and the monthly payment can rise from an initial payment of \$92.74 to a maximum of \$106.54 in the seventh year.

**Note:** 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: \$60,000 divided by \$10,000 = 6; 6 X \$92.74 = \$556.44 monthly.)

**Adjustment Notice.** You will be notified at least annually if interest rate changes occur. When an interest rate change will also involve a change in your monthly payment, you will be notified in writing (at least 25 calendar days, but not more than 120 calendar days) before the payment at the new level is due. The notice will indicate the adjusted payment amount, interest rate, Index value, and the outstanding loan balance at that time.