

First Atlantic Federal Credit Union
Adjustable Rate Mortgage Program Disclosures

1 Year ARM

This variable rate loan program disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other programs is available on request. This discloses information on more than one program.

ARMs (adjustable rate mortgages) get their name from the fact that their interest rate is periodically adjusted by the lender. Your interest rate will be based on an index and margin. Your payment will be based on the interest rate, loan balance, and loan term. The interest rate will be based on the weekly average yield on U.S. Treasury security adjusted to a constant maturity of 1 year plus a margin of 2.125%. Ask for our current interest rate and margin. Information about the index is published in the Wall Street Journal. The initial interest rate may not be based on the formula used to make later adjustments. Ask us for the amount of the current interest rate discount, if any.

If the index for your ARM is no longer available, the Lender or the transferee of the Note and Security Instrument, who is entitled to receive payment under the Note, will choose a new index based on comparable information.

Your interest rate can change every 12 months. Your interest rate cannot increase or decrease more than 2% at each adjustment. Your interest rate cannot increase or decrease more than 6% over the term of the loan.

Your payment can change every 12 months based on changes in the interest rate. You will be notified once a year, in writing, at least 30 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. Your periodic payment may increase or decrease substantially depending on the change in the rate.

For example, on a \$10,000 loan for a 15 year term and an initial interest rate of 5% the maximum amount that the interest rate can rise under this program is 6% to 11% and the monthly payment can rise from a first year payment of \$79.08 to a maximum of \$113.66 in the fourth year. The payments are principal and interest only and do not include tax escrow or insurance payments.

To see what your payments would be, divide your mortgage amount by \$10,000 then multiply the payments by that amount. For example, the monthly payment for a mortgage amount of \$60,000 would be:

$\$60,000 \text{ divided by } \$10,000 = 6$
 $6 \text{ times } \$79.08 = \474.48 per month

For example, on a \$10,000 loan for a 30 year term and an initial interest rate of 5% the maximum amount that the interest rate can rise under this program is 6% to 11% and the monthly payment can rise from a first year payment of \$53.68 to a maximum of \$95.23 in the fourth year. The payments are principal and interest only, and do not include tax escrow or insurance payments.

To see what your payments would be divide you mortgage amount by \$10,000 then multiply the monthly payment by that amount.

For example, the monthly \$60,000 divided by \$10,000 = 6
 $6 \text{ times } \$53.68 = \$322.08.$

3 Year ARMs

This variable rate loan program disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other programs is available on request. This discloses information on more than one program.

Your interest rate will be based on an index and margin. Your payment will be based on the interest rate, loan balance, and loan term. The interest rate will be based on the weekly average yield on U.S. Treasury Security adjusted to a constant maturity of 3 years plus a margin of 2.75% for our 3/3 ARM and the weekly average yield on U.S. Treasury Security adjusted to a constant maturity of 1 year plus a margin of 2.875% for our 3/1 ARM. Ask for our current interest rate and margin. Information about the index is published in the Wall Street Journal. The initial interest rate may not be based on the formula used to make later adjustments. Ask us for the amount of the current interest rate discount, if any.

Your interest rate can change every 36 months on the 3/3 ARM and will change annually on the 3/1 ARM after the initial period of 36 months. Your interest rate cannot increase or decrease more than 2% at each adjustment. Your interest rate cannot increase or decrease more than 6% over the term of the loan.

Your payment can change every 36 months on the 3/3 ARM and annually after the initial 36 month period on the 3/1 ARM based on changes in the interest rate. You will be notified in writing, at least 30 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. Your periodic payment may increase or decrease substantially depending on the change in the rate.

For example, on a \$10,000 loan for a 15 year term, with an initial interest rate of 5.5% the maximum amount that the interest rate can rise under this program is 6% to 11.5% and the monthly payment can rise from a first year payment of \$81.71 to a maximum of \$116.82 in the tenth year. The payments are principal and interest only, and do not include tax escrow or insurance payments.

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:
 $\$60,000 \text{ divided by } \$10,000 = 6$
 $6 \text{ times } \$81.71 = \490.26 per month

For example, on a \$10,000 loan for a 30 year term, with an initial interest rate of 5.5% the maximum amount that the interest rate can rise under this program is 6% to 11.5% and the monthly payment can rise from a first year payment of \$57.09 to a maximum of \$99.03 in the tenth year. The payments are principal and interest only, and do not include tax escrow or insurance payments.

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:
 $\$60,000 \text{ divided by } \$10,000 = 6$
 $6 \text{ times } \$57.09 = \342.54 per month