



# Adjustable Rate Mortgage Disclosures

Important information about your Adjustable Rate Mortgage Loan.

**Please read carefully**

## INTRODUCTION

You are considering an adjustable rate mortgage loan (called an "ARM") from the United States Senate Federal Credit Union ("Credit Union"). This disclosure describes some of the features of the Credit Union's ARM loan. Information on other ARM programs is available upon request. This ARM is a variable rate interest loan, which means that the interest rate can change with the movement of the index described below. Changes in the interest rate will result in increases or decreases in your monthly payments. A more detailed description of the terms of your ARM loan is set forth below.

This disclosure is not a contract between you and the Credit Union to make a loan to you on any of the terms described in this disclosure. The only purpose of this disclosure is to provide you with a general description of the ARM loan program.

## HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED

**Interest Rate:** Your interest rate will be based on an Index plus a margin. The Index is the Prime Rate as published in the Money Rates Section of The Wall Street Journal on the first day of each calendar quarter (or nearest business day) plus our Margin. If more than one Interest Rate is shown, we will use the higher Interest Rate. The Index plus the Margin equals the Interest Rate.

**Payments:** Your payments will be based on the interest rate, loan balance and loan term.

## HOW YOUR INTEREST RATE CAN CHANGE

**When Changes Occur:** Changes in the Index will cause changes in the Interest Rate on the first day of each calendar quarter (or nearest business day). Increases or decreases in the Interest Rate will result in like increases or decreases in the Finance Charge and will affect the amount of Your scheduled payments unless additional payments causes Your loan to exceed the Agreement Maturity Date, in which case the amount of Your payment will be adjusted. Ask for the Credit Union's current interest rate and margin.

**Limits on Change:** There is no limit on the amount by which the Annual Percentage Rate can change during any change date other than the maximum and minimum Annual Percentage Rates that can apply at any time to this Plan.

## HOW YOUR MONTHLY PAYMENT CAN CHANGE

**When Changes Occur:** Changes in the interest rate will cause changes in the amount of your payment as of the first monthly payment due date after each change date.

**Example:** If your loan is for \$10,000 at 5.00% for 60 months and your interest rate increases to 6.00% after three 3 months, your payment would increase from \$188.70 to \$193.10 after three 3 months. Ask us for the current interest rate, discount and premium.

To see what your payment would be, divide your mortgage amount by \$10,000, and then multiply the monthly payment by that amount. (For example, the monthly payment for a new loan mortgage amount of \$60,000.00 would be  $60,000.00 \div \$10,000.00 = 6$ ;  $6 \times \$188.70 = \$1,132.20$ .)

**Notice:** You will be notified in writing at least 25 days before any payment adjustment may be made. This notice will contain information about your interest rates, payment amount, and loan balance.

## OTHER DOCUMENTS YOU SHOULD READ

This disclosure may not provide you with information on the interest rate or margin that will apply to your loan because this disclosure was prepared before your loan application and loan closing. You should read carefully all other documents you will receive between the time you have completed your loan application and the date of the loan closing, including disclosure statements, the adjustable rate mortgage note and the mortgage deed.

By signing below, you acknowledge receiving a copy of this disclosure.

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Borrower **APPLICANT SIGNATURE**

\_\_\_\_\_  
Borrower **CO-APPLICANT SIGNATURE**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date