



**IMPORTANT ADJUSTABLE RATE MORTGAGE LOAN INFORMATION
PLEASE READ CAREFULLY**

**LOAN PROGRAM DISCLOSURE FOR:
5/1 AND 5/1 JUMBO TREASURY NON CONVERTIBLE ARM
7/1 AND 7/1 JUMBO TREASURY NON CONVERTIBLE ARM
7/1 First Time Home Buyer ARM**

This disclosure notice is given to you in connection with your application for an adjustable-rate mortgage loan with **Homefield Credit Union** ("lender"), and provides information that you should read. An adjustable rate mortgage loan ("ARM") is a type of loan that permits changes in the loan interest rate. Such changes generally are based on changes in an index, and normally result in an increase or decrease in the regular monthly payment. This disclosure notice describes the features of the ARM program 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.
- This ARM loan has a discount feature, and your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount amount.
- Your index is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. If the index is no longer available at any time during the term of the loan, we (or the designated loan servicer) will choose a new index that is based upon comparable information and give you advance notice of this choice
- The most recent index figure available is 45 days before the adjustment date occurs will be used to determine your new interest rate. Information about the index rate is made available by the Federal Reserve Board.
- Your monthly payment will be based on the interest rate, loan balance, and the loan term.
- Your interest rate will equal the index rate, plus our margin, rounded to the nearest one-eighth of one percent (0.125%) unless interest rate "caps" limit the amount of change in the interest rate. Ask us for our current interest rate and margin.
- The initial interest rate will be discounted and will not be based on the index used to make later adjustments. Ask us for the current amount of our adjustable-rate mortgage discounts or premiums.
- The periodic payment may increase or decrease substantially depending on changes in the rate.

How Your Interest Rate Can Change

Interest Rate Change Date for 5/1 AND 5/1 JUMBO TREASURY NON CONVERTIBLE ARM: Your interest rate will not change for the first 5 years of the loan. Thereafter, the interest rate may change every year. Each date on which your interest rate can change is called a "Change Date."

Interest Rate Change Date for 7/1 AND 7/1 JUMBO TREASURY NON CONVERTIBLE ARM, and 7/1 First Time Home Buyer ARM: Your interest rate will not change for the first 7 years of the loan. Thereafter, the interest rate may change every year. Each date on which your interest rate can change is called a "Change Date."

INTEREST RATE CAPS FOR ALL ARM PROGRAMS

- Your interest rate cannot increase or decrease more than **TWO** percentage points at the first rate adjustment.
- Your interest rate cannot increase or decrease more than **TWO** percentage points at each subsequent adjustment.
- Your interest rate cannot increase more than **SIX** percentage points above the initial interest rate and cannot decrease below the initial interest rate over the term of the loan.

HOW YOUR MONTHLY PAYMENT CAN CHANGE

Payment Change for 5/1 AND 5/1 JUMBO TREASURY NON CONVERTIBLE ARM: your payment can change every **12** months beginning with payment number **61** based on changes in the interest rate.

Payment Change for 7/1 AND 7/1 JUMBO TREASURY NON CONVERTIBLE ARM, and 7/1 First Time Home Buyer ARM: your payment can change every **12** months beginning with payment number **85** based on changes in the interest rate.

Payment Change Dates: Your monthly payment can change after each interest rate adjustment based on changes in the interest rate.

Payment Change Notice: You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance. You will also be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment, resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

EXAMPLES

Example 5/1 ARM:

Loan Amount:	\$10,000
Loan Term:	30 years
Initial Interest Rate:	6.50%
Margin:	2.75%*
Index:	4.10%*

The maximum amount that the interest rate can increase under this program is 6 percentage points to 12.50%. The monthly payment can increase from the initial payment of \$63.21 (for the first 5 years) to a maximum of \$106.73 in the eighty fifth month.

To see what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000)=6$, and $(6 \times \$63.21) = \379.26 per month

Example 7/1 ARM: Loan Amount: \$10,000
 Loan Term: 30 years
 Initial Interest Rate: 6.875%
 Margin: 2.75%*
 Index: 4.10%*

The maximum amount that the interest rate can increase under this program is 6 percentage points to 12.875%. The monthly payment can increase from the initial payment of \$65.69 (for the first 7 years) to a maximum of \$109.64 in the one hundred and ninth month.

To see what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000)=6$, and $(6 \times \$65.62) = \393.72 per month

Example 7/1 FTHB ARM: Loan Amount: \$10,000
 Loan Term: 30 years
 Initial Interest Rate: 6.375%
 Margin: 2.75%*
 Index: 4.10%*

The maximum amount that the interest rate can increase under this program is 6 percentage points to 12.375%. The monthly payment can increase from the initial payment of \$62.39 (for the first 7 years) to a maximum of \$105.75 in the one hundred and ninth month.

To see what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000)=6$, and $(6 \times \$62.39) = \374.34 per month

Example 5/1 Jumbo ARM: Loan Amount: \$10,000
 Loan Term: 30 years
 Initial Interest Rate: 6.75%
 Margin: 2.75%*
 Index: 4.10%*

The maximum amount that the interest rate can increase under this program is 6 percentage points to 12.75%. The monthly payment can increase from the initial payment of \$64.86 (for the first 5 years) to a maximum of \$108.67 in the eighty fifth month.

To see what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000)=6$, and $(6 \times \$64.86) = \389.16 per month

Example 7/1 Jumbo ARM: Loan Amount: \$10,000
 Loan Term: 30 years
 Initial Interest Rate: 6.99%
 Margin: 2.75%*
 Index: 4.10%*

The maximum amount that the interest rate can increase under this program is 6 percentage points to 12.99%. The monthly payment can increase from the initial payment of \$66.46 (for the first 5 years) to a maximum of \$110.54 in the eighty fifth month.

To see what your payments would be, divide your loan amount by \$10,000, then multiply the monthly payment by that amount. For example, the monthly payment for a loan amount of \$60,000 would be $(\$60,000/\$10,000)=6$, and $(6 \times \$66.46) = \398.76 per month

Additional Features of your ARM Loan

Demand Feature: This obligation does not contain a demand feature.

Assumption Policy: Someone buying your house may, subject to conditions, be allowed to assume the remainder of the mortgage based upon the original terms

Loan Term: This loan will have a term of 30 years.

*This is an example only of an index and margin we have used recently; your margin and index may be different. Ask for our current margin value and index. Index is updated annually in August.