

**BENTON COUNTY SCHOOLS CREDIT UNION**  
**ADJUSTABLE RATE MORTGAGE**  
**EARLY DISCLOSURE**  
**5-1 ARM PROGRAM**  
**Initial Rate is 4.00%**

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) you may be considering. Under this ARM program, the interest rate and payment can change. The monthly payments may increase if the interest rate rises or may decrease if the interest rate falls. The monthly payment will be adjusted to an amount necessary to repay the loan within the original term. This disclosure provides information intended for general disclosure purposes only. Your ARM will be based on the terms and conditions set forth in the loan documents.

**HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED**

- **Initial Discounted Rate:** (Not applicable if initial rate is greater than floor rate) Your initial interest rate is not based on the index used to make later adjustments. Ask us for the amount our adjustable rate mortgages are currently discounted. The Discounted Rate will apply for the first five years from the date your loan closes (the "Anniversary Date").
- **Standard Rate.** After the initial rate expires, your interest rate will be based on an Index plus a Margin. Please ask for our current rate. The Index rate for this program is the 4-week average high yield for the 26-week Treasury bill auction discount effective rate rounded to the next highest .125%. The Margin is 2.50%.
- Information about the index is published by the U.S. Treasury Department at <http://www.treasurydirect.gov/instit/annceresult/press/press.htm>
- Your monthly principal and interest payment will be based on the interest rate, loan balance, and loan term.

**HOW YOUR INTEREST RATE CAN CHANGE**

- After the initial five-year period expires, the interest rate may change annually on the loan anniversary date.
- Your interest rate cannot increase or decrease more than **1%** per year (Periodic Rate Cap).
- Your interest rate cannot increase more than **6%** over your initial interest rate for the life of your loan (Lifetime Rate Cap). The lowest your interest rate may reach is **2.90%** (Lifetime Rate Floor).

**HOW YOUR PAYMENT CAN CHANGE**

- Your first monthly payment change will be one month after the first interest rate change. Thereafter your monthly payment can change every 12 months based on changes in the interest rate. The new payment will be an amount, which would be enough to repay the loan balance within the original term.
- When an interest rate adjustment involves a change in your monthly payment, you will be notified in writing at least 25, but not more than 120, calendar days before the due date.
- The periodic payment may increase or decrease substantially depending on changes in the rate. The following **example** shows how a maximum increase in the interest rate (worst case scenario) would affect your payment, assuming you make regular monthly payments. On a \$10,000 loan for 30 years, with an initial interest rate of 4.00%, the maximum amount the interest rate can increase is 6 percentage points, to 10.00% in the eleventh year. The monthly payments can rise from a first year payment of \$47.75 to a maximum payment of \$79.52 starting with the eleventh year.
- To see what your monthly payment is, divide your mortgage amount by \$10,000; then multiply by the monthly payment shown in the example above. For example a Mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6, 6 x \$47.75 = \$286.50 per month.
- The **example** above is based on an Index and Margin that were in effect in **February 2019**
- Your Index, Margin and Rate may be different.
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I acknowledge receiving a copy of this disclosure and the handbook, "Consumer Handbook on Adjustable Rate Mortgages."

X \_\_\_\_\_  
Borrower's Signature                      Date

X \_\_\_\_\_  
Borrower's Signature                      Date