

# Adjustable Rate Mortgage (ARM) Loan Disclosure

## (Please Read Carefully)

This disclosure does not constitute a commitment on the part of AMERICA FIRST FEDERAL CREDIT UNION DBA AMERICA FIRST CREDIT UNION ("Credit Union") to make a loan to you and, further, does not affect your obligations or those of the Credit Union with regard to any loan you now have with, or may obtain in the future from the Credit Union. The terms for all loan programs are the same except for where otherwise indicated. The specific terms of your prospective ARM loan will be contained in the Loan Estimate and Closing Disclosure documents furnished pursuant to the federal Truth in Lending Act, Note for Loans Secured by Real Estate, and your Deed of Trust/Mortgage. Please read them carefully before you sign them.

This disclosure describes the features of the following adjustable-rate programs you are considering.

- Our First Lien, 50% Loan-To-Value (LTV) Home Equity Loan ("50% LTV First Lien")
- Our First Lien, 80% Loan-To-Value (LTV) Home Equity Loan ("80% LTV First Lien")
- Our Second Lien, 80% Loan-To-Value (LTV) Home Equity Loan ("80% LTV Second Lien")
- Our Second Lien, 90% Loan-To-Value (LTV) Home Equity Loan ("90% LTV Second Lien")
- Our Second Lien, 100% Loan-To-Value (LTV) Home Equity Loan ("100% LTV Second Lien")
- Our First Lien, 65% Loan-To-Value (LTV) Non-Owner Occupied Home Equity Loan ("65% LTV Non-Owner Occupied First Lien")
- Our First Lien, 80% Loan-To-Value (LTV) Non-Owner Occupied Home Equity Loan ("80% LTV Non-Owner Occupied First Lien")
- Our Second Lien, 65% Loan-To-Value (LTV) Non-Owner Occupied Home Equity Loan ("65% LTV Non-Owner Occupied Second Lien")
- Our Second Lien, 80% Loan-To-Value (LTV) Non-Owner Occupied Home Equity Loan ("80% LTV Non-Owner Occupied Second Lien")

Not all applicants may qualify for all programs. The features for each of these loan programs are described below.

### FIRST LIEN PROGRAMS (50% LTV & 80% LTV)

The interest rate for these programs can adjust monthly. We offer these programs with terms to maturity of 60 months, 84 months, 120 months, 144 months, and 180 months.

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

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Your payment will be due monthly.
- The interest rate will be based on the highest Prime Rate as published in the Wall Street Journal in effect on the date of Your loan, and subsequently, on the last business day of each month thereafter ("Index"), plus our margin. Ask us for our current margin.
- Your Interest Rate will equal the Index plus our margin unless your interest rate "cap" limits the amount of change in the interest rate.

#### HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change on the 1st day of each month.
- There are multiple interest rates available, based on creditworthiness. Your interest rate will never be less than our best interest rate (i.e. the lowest rate) for the product for which you have applied, minus one-half of one percentage point (0.50%).
- Your interest rate will never exceed 18.00%.
- You will be notified in writing at least 25 but no more than 120 calendar days before the due date of a payment calculated using the adjusted interest rate. This notice will be addressed according to the Credit Union records, and will contain information about your interest rate, payment amount, and loan balance.

#### HOW YOUR PAYMENT CAN CHANGE

- Your payment can change monthly, as a result of changes in the Interest Rate.
- Your payment amount may increase or decrease substantially depending on changes in the interest rate.

#### EXAMPLES

**50% LTV – 60 Month Loan Term.** For example, on a \$10,000 loan with a term of 60 months and an interest rate of 2.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$178.52 to a maximum of \$252.61 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$178.52 = \$1,071.12$  per month.)

**50% LTV – 84 Month Loan Term.** For example, on a \$10,000 loan with a term of 84 months and an interest rate of 2.99%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$132.08 to a maximum of \$209.19 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$132.08 = \$792.47$  per month.)

**50% LTV – 120 Month Loan Term.** For example, on a \$10,000 loan with a term of 120 months and an interest rate of 3.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$97.67 to a maximum of \$179.46 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$97.67 = \$586.00$  per month.)



**50% LTV – 144 Month Loan Term.** For example, on a \$10,000 loan with a term of 144 months and an interest rate of 3.49%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$85.09 to a maximum of \$169.31 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$85.09 = \$510.56$  per month.)

**50% LTV – 180 Month Loan Term.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 3.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$72.67 to a maximum of \$160.56 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$72.67 = \$436.02$  per month.)

**80% LTV – 60 Month Loan Term.** For example, on a \$10,000 loan with a term of 60 months and an interest rate of 2.99%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$179.63 to a maximum of \$252.63 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$179.63 = \$1,077.77$  per month.)

**80% LTV – 84 Month Loan Term.** For example, on a \$10,000 loan with a term of 84 months and an interest rate of 3.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$133.21 to a maximum of \$209.21 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$133.21 = \$799.25$  per month.)

**80% LTV – 120 Month Loan Term.** For example, on a \$10,000 loan with a term of 120 months and an interest rate of 3.49%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$98.33 to a maximum of \$179.48 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$98.33 = \$593.00$  per month.)

**80% LTV – 144 Month Loan Term.** For example, on a \$10,000 loan with a term of 144 months and an interest rate of 3.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$86.29 to a maximum of \$169.32 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$86.29 = \$517.75$  per month.)

**80% LTV – 180 Month Loan Term.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 4.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$75.18 to a maximum of \$160.59 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$75.18 = \$451.05$  per month.)

\*This represents an initial interest rate in effect as of January 2024.

## SECOND LIEN PROGRAMS (80% LTV)

The interest rate for these programs can adjust monthly. We offer these programs with terms to maturity of 60 months, 120 months, and 180 months.

### HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Your payment will be due monthly.
- The interest rate will be based on the highest Prime Rate as published in the Wall Street Journal in effect on the date of Your loan, and subsequently, on the last business day of each month thereafter ("Index"), plus our margin. Ask us for our current margin.
- Your Interest Rate will equal the Index plus our margin unless your interest rate "cap" limits the amount of change in the interest rate.

### HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change on the 1st day of each month.
- There are multiple interest rates available, based on creditworthiness. Your interest rate will never be less than our best interest rate (i.e. the lowest rate) for the product for which you have applied, minus one-half of one percentage point (0.50%).
- Your interest rate will never exceed 18.00%.
- You will be notified in writing at least 25 but no more than 120 calendar days before the due date of a payment calculated using the adjusted interest rate. This notice will be addressed according to the Credit Union records, and will contain information about your interest rate, payment amount, and loan balance.

### HOW YOUR PAYMENT CAN CHANGE

- Your payment can change monthly, as a result of changes in the Interest Rate.
- Your payment amount may increase or decrease substantially depending on changes in the interest rate.

### EXAMPLES

**80% LTV – 60 Month Loan Term.** For example, on a \$10,000 loan with a term of 60 months and an interest rate of 3.49%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$181.86 to a maximum of \$252.68 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$181.86 = \$1,091.15$  per month.)

**80% LTV – 120 Month Loan Term.** For example, on a \$10,000 loan with a term of 120 months and an interest rate of 4.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$102.39 to a maximum of \$179.53 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$102.39 = \$614.31$  per month.)

**80% LTV – 180 Month Loan Term.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 5.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$80.33 to a maximum of \$160.64 in the 2nd

month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$80.33 = \$482.01$  per month.)

\*This represents an initial interest rate in effect as of January 2024.

## SECOND LIEN PROGRAMS (90% LTV)

The interest rate for these programs can adjust monthly. We offer these programs with terms to maturity of 60 months, 120 months, and 180 months.

### HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Your payment will be due monthly.
- The interest rate will be based on the highest Prime Rate as published in the Wall Street Journal in effect on the date of Your loan, and subsequently, on the last business day of each month thereafter ("Index"), plus our margin. Ask us for our current margin.
- Your Interest Rate will equal the Index plus our margin unless your interest rate "cap" limits the amount of change in the interest rate.

### HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change on the 1st day of each month.
- There are multiple interest rates available, based on creditworthiness. Your interest rate will never be less than our best interest rate (i.e. the lowest rate) for the product for which you have applied, minus one-half of one percentage point (0.50%).
- Your interest rate will never exceed 18.00%.
- You will be notified in writing at least 25 but no more than 120 calendar days before the due date of a payment calculated using the adjusted interest rate. This notice will be addressed according to the Credit Union records, and will contain information about your interest rate, payment amount, and loan balance.

### HOW YOUR PAYMENT CAN CHANGE

- Your payment can change monthly, as a result of changes in the Interest Rate.
- Your payment amount may increase or decrease substantially depending on changes in the interest rate.

### EXAMPLES

**90% LTV – 60 Month Loan Term.** For example, on a \$10,000 loan with a term of 60 months and an interest rate of 4.99%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$188.65 to a maximum of \$252.88 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$188.65 = \$1,131.90$  per month.)

**90% LTV – 120 Month Loan Term.** For example, on a \$10,000 loan with a term of 120 months and an interest rate of 5.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$109.72 to a maximum of \$179.65 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$109.72 = \$658.32$  per month.)

**90% LTV – 180 Month Loan Term.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 6.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$88.44 to a maximum of \$160.74 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$88.44 = \$530.64$  per month.)

\*This represents an initial interest rate in effect as of January 2024.

## SECOND LIEN PROGRAMS (100% LTV)

The interest rate for these programs can adjust monthly. We offer these programs with terms to maturity of 120 months, and 180 months.

### HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Your payment will be due monthly.
- The interest rate will be based on the highest Prime Rate as published in the Wall Street Journal in effect on the date of Your loan, and subsequently, on the last business day of each month thereafter ("Index"), plus our margin. Ask us for our current margin.
- Your Interest Rate will equal the Index plus our margin unless your interest rate "cap" limits the amount of change in the interest rate.

### HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate can change on the 1st day of each month.
- There are multiple interest rates available, based on creditworthiness. Your interest rate will never be less than our best interest rate (i.e. the lowest rate) for the product for which you have applied, minus one-half of one percentage point (0.50%).
- Your interest rate will never exceed 18.00%.
- You will be notified in writing at least 25 but no more than 120 calendar days before the due date of a payment calculated using the adjusted interest rate. This notice will be addressed according to the Credit Union records, and will contain information about your interest rate, payment amount, and loan balance.

### HOW YOUR PAYMENT CAN CHANGE

- Your payment can change monthly, as a result of changes in the Interest Rate.
- Your payment amount may increase or decrease substantially depending on changes in the interest rate.

### EXAMPLES

**100% LTV – 120 Month Loan Term.** For example, on a \$10,000 loan with a term of 120 months and an interest rate of 6.49%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$113.49 to a maximum of \$179.70 in the 2nd

month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$113.49 = \$680.94$  per month.)

**100% LTV – 180 Month Loan Term.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 7.99%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$95.51 to a maximum of \$160.79 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$95.51 = \$573.06$  per month.)

\*This represents an initial interest rate in effect as of January 2024.

#### **FIRST LIEN PROGRAM (Non-Owner Occupied 65% LTV & 80% LTV)**

The interest rate for this program can adjust monthly. We offer this program with a term to maturity of 180 months.

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

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
- Your payment will be due monthly.
- The interest rate will be based on the highest Prime Rate as published in the Wall Street Journal in effect on the date of Your loan, and subsequently, on the last business day of each month thereafter ("Index"), plus our margin. Ask us for our current margin.
- Your Interest Rate will equal the Index plus our margin unless your interest rate "cap" limits the amount of change in the interest rate.

##### **HOW YOUR INTEREST RATE CAN CHANGE**

- Your interest rate can change on the 1st day of each month.
- There are multiple interest rates available, based on creditworthiness. Your interest rate will never be less than our best interest rate (i.e. the lowest rate) for the product for which you have applied, minus one-half of one percentage point (0.50%).
- Your interest rate will never exceed 18.00%.
- You will be notified in writing at least 25 but no more than 120 calendar days before the due date of a payment calculated using the adjusted interest rate. This notice will be addressed according to the Credit Union records, and will contain information about your interest rate, payment amount, and loan balance.

##### **HOW YOUR PAYMENT CAN CHANGE (CONT.)**

- Your payment can change monthly, as a result of changes in the Interest Rate.
- Your payment amount may increase or decrease substantially depending on changes in the interest rate.

##### **EXAMPLES**

**65% LTV.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 5.24%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$80.33 to a maximum of \$160.62 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$80.33 = \$481.98$  per month.)

**80% LTV.** For example, on a \$10,000 loan with a term of 180 months and an interest rate of 5.74%\*, the Interest Rate can rise to a maximum of 18.00% in the 2nd month, and the monthly payment can rise from a first-month payment of \$82.99 to a maximum of \$160.63 in the 2nd month. 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:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$82.99 = \$497.94$  per month.)

\*This represents an initial interest rate in effect as of January 2024.