

Teachers Federal Credit Union
Mortgage Loan Disclosure for Adjustable
Rate Mortgage

This disclosure is provided to you by TEACHERS FEDERAL CREDIT UNION (Lender) and generally describes the features of the Adjustable Rate Mortgage program you are considering. It should be used together with the Consumer Handbook on Adjustable Rate Mortgages prepared by the Consumer Financial Protection Bureau.

NONE OF THESE DOCUMENTS, EITHER INDIVIDUALLY OR AS A WHOLE, ARE A COMMITMENT TO MAKE A LOAN. If you submit a loan application, and it is approved, a commitment letter will be issued to you setting forth the terms and conditions of such approval. The loan documents signed at the settlement (closing) of the loan will control the rights and responsibilities of the parties.

Teachers offers Three (3) Adjustable Rate Mortgage Plans. The details of these loans are set forth below:

1. **Term:** 30 Years Maximum

2. Initial rate will be established 8 business days prior to closing.

3. **Period of Initial Interest Rate:**

(A) 5 Year (C) 10 Years
(B) 7 Years

4. **Adjustment:** At the end of each period of the initial interest rate, the rate will be adjusted every six months as follows:

After the period of the initial interest rate, the rate will be adjusted by adding the Margin (3%) to the new 30 –Day Average Yield Secured Overnight Financing Rate (SOFR) on U.S. Treasury securities in the repurchase agreement (repo) market as published by the Federal Reserve Bank of New York (Index code 96) in effect 45 days before the end of each period, rounded to nearest one-eighth (1/8) of one percent (1%). The index is published by the Federal

Reserve Bank of New York and is available at the office of Teachers Federal Credit Union, 102 Motor Parkway, P.O. Box. 9005, Hauppauge, NY 11788.

The adjustment will be capped as follows:

	<u>A</u>	<u>*B</u>	<u>*C</u>
<i>First Adjustment cap</i>	2%	5%	5%
<i>Subsequent Adjustment cap at each adjustment:</i>	1%	1%	1%
<i>Lifetime cap:</i>	5%	5%	5%

Ask us for our current interest rate and margin

5. Initial Payment and Monthly Payment during the period of Initial Interest Rate \$7.25
(Assuming Initial Interest Rate of 7.875% for each \$1,000.00 of loan for a 30 Year term)
 - a. To find the amount of payment for a mortgage loan of a given size, divide the amount of the loan by 1,000 and multiply the result by the amount of Initial Payment. For example, the payments for a mortgage loan of \$100,000 for 30 years would be computed as follows: (\$7.25 x \$100,000: 1,000 = payments of \$725.00)
 - b. Each monthly payment is an amount which would be sufficient to fully pay off the loan over its term. Each payment is first applied to interest and then the remainder is applied to the principal. Over the period of Initial Rate, approximately 80% of each payment is applied to interest. The monthly payment will change with the Interest Rate changes (See #8).

6. Effects of Adjustment:

When the Interest Rate is adjusted (see #4), the amount of the monthly payment will be adjusted so that it is an amount which would be sufficient to fully pay off the loan over the remaining term. For example, if the rate above increases to 11.50% the monthly payment per \$1,000 would be \$9.91.

7. Notice of Adjustment:

You will receive a Notice of Adjustment at least 30 days, but not more than 120 days before each adjustment. This notice will tell you the date that the rate will be adjusted, the old rate, the new rate, and the amount of the new payment.

8. Escrow:

The note and mortgage will provide for monthly escrow payments of one-twelfth (1/12) of the estimated annual real estate taxes, hazard and flood insurance premiums. This payment will enable Teachers Federal Credit Union to pay this item as it becomes due and ensure that it is paid on time.

9. Prepayment Policy:

There will be no prepayment penalty on products A, B, C.

Historical Example:

The following example shows how your payment would have changed under this ARM Program based on the actual changes in the index from 2018 to 2023.

YEAR	INDEX	MARGIN	=	ANNUAL PERCENTAGE RATE	PAYMENT	BALANCE
2018	1.00	3.00	=	4.00	\$156.45	\$8,495.20
2019	1.02	3.00	=	4.00	\$156.45	\$6,929.10
2020	1.04	3.00	=	4.00	\$156.45	\$5,299.20
2021	1.04	3.00	=	4.00	\$156.45	\$3,602.89
2022	1.042	3.00	=	4.00	\$156.45	\$1,837.36
2023	1.067	3.00	=	4.00	\$156.45	\$0

NOTE: Example is based on a \$10,000.00 loan with a 6-year repayment term. A rounding factor to the nearest 1/8 of 1% has been utilized.

Information on other adjustable rate mortgage programs is available upon request.

The undersigned hereby acknowledge(s) receipt from Lender, prior to application, of this disclosure and the Consumer Handbook on Adjustable Rate Mortgages.

Signature

Dated

Signature

Dated

Please indicate the Adjustable Program you are selecting:

- A. 5/6 Adjustable
- B. 7/6 Adjustable
- C. 10/6 Adjustable