

# Adjustable Rate Mortgage (ARM) Program Disclosure



This disclosure describes the features of MECU's Adjustable-Rate Mortgage (ARM) Program.

## How Your Interest Rate And Payment Are Determined:

Your adjustable interest rate following the initial fixed rate term will be based on an index plus a margin. The index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Information about the index is published weekly in the Wall Street Journal.

Your adjustable interest rate will equal the index plus our margin rounded to the nearest 1/8 percent, unless your interest rate "cap" limits the amount of change in the adjustable interest rate. Your payment will be based on the interest rate, loan balance, and the remaining loan term.

Loan terms, including the index, margin, rate adjustment periods, and rate adjustment caps are provided on page 2, titled "MECU ARM Loan Terms".

## How Your Interest Rate Can Change:

Your initial interest rate will remain fixed for the first 3, 5, 7 or 10 years. The initial interest rate will change to an adjustable interest rate on the first day following the end of the fixed term. For example, on a 3/1 ARM the rate will change to an adjustable interest rate on the first day of the 37th month and on a 5/1 ARM the rate will change on the first day of the 61st month. The interest rate may continue to change on that day every 12th month thereafter.

We will deliver or mail to you a notice of any changes in your initial fixed interest rate to an adjustable interest rate and of any changes in your adjustable interest rate before the effective day of any change. This notice will include the amount of your monthly payment, any information required by law to be provided to you and the title and telephone number of a person who will answer any question(s) you may have regarding the notice of change.

## MECU ARM LOAN TERMS

Loan Terms	3/1 ARM	5/1 ARM	7/1 ARM	10/1 ARM	Definitions
Loan Term	360 Months	360 Months	360 Months	360 Months	The period of time for the loan to be repaid.
Interest Only Term	N/A	N/A	N/A	N/A	During this term, the payment covers only the cost of your interest. After this period, the payment will increase.
Initial Fixed Period	36 Months	60 Months	84 Months	120 Months	The initial rate will be fixed for this period. After this period, the interest rate will be adjusted at the frequency noted below (Subsequent Adjustment Period).
Subsequent Adjustment Period	12 Months	12 Months	12 Months	12 Months	The number of months between scheduled interest rate changes following the initial fixed period.
Initial Adjustment Cap	2.000%	2.000%	2.000%	2.000%	The maximum amount the rate may increase or decrease after the Initial Fixed Period.
Periodic Adjustment Cap	2.000%	2.000%	2.000%	2.000%	The maximum amount the rate may increase or decrease after each Subsequent Adjustment Period.
Maximum Interest Rate	Initial Rate + 5.000%	Initial Rate + 5.000%	Initial Rate + 5.000%	Initial Rate + 5.000%	The maximum interest rate you may be required to pay.
Index	1-Year U.S. Treasury Bill	1-Year U.S. Treasury Bill	1-Year U.S. Treasury Bill	1-Year U.S. Treasury Bill	A published interest rate used to establish the interest rate offered on an Adjustable Rate Mortgage (ARM). Some of the most common indices are Treasury Bills, Treasury Securities, London Interbank Offering Rates (LIBOR) and the Cost of Funds Index (COFI).
Margin	2.000%	2.000%	2.000%	2.000%	The amount that is added to the Index to determine the rate at each adjustment (subject to any adjustment caps or floors).
Index Value <b>on 04/01/25</b>	4.060%	4.060%	4.060%	4.060%	Index Value is variable and subject to change without notice.
APR <b>on 04/01/25</b>	5.969%	5.931%	5.936%	6.045%	Annual Percentage Rate. The costs over the loan term expressed as a rate. This is not your interest rate.

Payment examples for each of our ARM products are provided on pages 3 and 4, titled "Projected Payments".

## PROJECTED PAYMENTS

The following examples are based on a loan amount of \$160,000, excluding Private Mortgage Insurance (PMI), taxes, and homeowner's insurance which will increase the monthly payment.

### 3/1 ARM

#### Adjustable Interest Rate (AIR) Table

Index + Margin	1-Year CMT + 2.000%
Initial Interest Rate	5.375%
Minimum / Maximum Interest Rate	5.375% / 10.375%
<b>Change Frequency</b>	
First Change	Beginning of 37 <sup>th</sup> month
Subsequent Changes	Every 12 <sup>th</sup> month after the first change
<b>Limits on Interest Rate Changes</b>	
First Change	2.000%
Subsequent Changes	2.000%

#### Projected Payments

Payment Calculation	Years 1 – 3	Year 4	Year 5	Years 6 – 30
Principal + Interest	\$895.95	Min: \$896 Max: \$1,090	Min: \$896 Max: \$1,295	Min: \$896 Max: \$1,400
Mortgage Insurance	\$0	\$0	\$0	\$0
Escrow	\$0	\$0	\$0	\$0
<b>Estimated Total Monthly Payment</b>	<b>\$895.95</b>	<b>\$896 - \$1,090</b>	<b>\$896 - \$1,295</b>	<b>\$896 - \$1,400</b>

### 5/1 ARM

#### Adjustable Interest Rate (AIR) Table

Index + Margin	1-Year CMT + 2.000%
Initial Interest Rate	5.500%
Minimum / Maximum Interest Rate	5.500% / 10.500%
<b>Change Frequency</b>	
First Change	Beginning of 61 <sup>st</sup> month
Subsequent Changes	Every 12 <sup>th</sup> month after the first change
<b>Limits on Interest Rate Changes</b>	
First Change	2.000%
Subsequent Changes	2.000%

#### Projected Payments

Payment Calculation	Years 1 – 5	Year 6	Year 7	Years 8 – 30
Principal + Interest	\$908.46	Min: \$908 Max: \$1,093	Min: \$908 Max: \$1,287	Min: \$908 Max: \$1,387
Mortgage Insurance	\$0	\$0	\$0	\$0
Escrow	\$0	\$0	\$0	\$0
<b>Estimated Total Monthly Payment</b>	<b>\$908.46</b>	<b>\$908 - \$1,093</b>	<b>\$908 - \$1,287</b>	<b>\$908 - \$1,387</b>

## 7/1 ARM

### Adjustable Interest Rate (AIR) Table

Index + Margin	1-Year CMT + 2.000%
Initial Interest Rate	5.625%
Minimum / Maximum Interest Rate	5.625% / 10.625%
<b>Change Frequency</b>	
First Change	Beginning of 85 <sup>th</sup> month
Subsequent Changes	Every 12 <sup>th</sup> month after the first change
<b>Limits on Interest Rate Changes</b>	
First Change	2.000%
Subsequent Changes	2.000%

### Projected Payments

Payment Calculation	Years 1 – 7	Year 8	Year 9	Years 10 - 30
Principal + Interest	\$921.05	Min: \$921 Max: \$1,096	Min: \$921 Max: \$1,279	Min: \$921 Max: \$1,372
Mortgage Insurance	\$0	\$0	\$0	\$0
Escrow	\$0	\$0	\$0	\$0
<b>Estimated Total Monthly Payment</b>	<b>\$921</b>	<b>\$921- \$1,096</b>	<b>\$921- \$1,279</b>	<b>\$921- \$1,372</b>

## 10/1 ARM

### Adjustable Interest Rate (AIR) Table

Index + Margin	1-Year CMT + 2.000%
Initial Interest Rate	5.875%
Minimum / Maximum Interest Rate	5.875% / 10.875%
<b>Change Frequency</b>	
First Change	Beginning of 121 <sup>st</sup> month
Subsequent Changes	Every 12 <sup>th</sup> month after the first change
<b>Limits on Interest Rate Changes</b>	
First Change	2.000%
Subsequent Changes	2.000%

### Projected Payments

Payment Calculation	Years 1 – 10	Year 11	Year 12	Years 13 - 30
Principal + Interest	\$946.46	Min: \$946 Max: \$1,106	Min: \$946 Max: \$1,295	Min: \$946 Max: \$1,400
Mortgage Insurance	\$0	\$0	\$0	\$0
Escrow	\$0	\$0	\$0	\$0
<b>Estimated Total Monthly Payment</b>	<b>\$946.46</b>	<b>\$946 - \$1,106</b>	<b>\$946 - \$1,271</b>	<b>\$946 - \$1,354</b>

## Important Notices:

- Above interest rates and APRs were effective on April 1, 2025 and subject to change without notice. Rates are for illustrative purposes only and may not be representative of current rates. Visit our [Check Rates](#) tool for current rates and payment examples.
- Your APR will vary based on your final loan amount and finance charges.

## Late Charge:

If your payment arrives later than 15 days after it is due you will be charged 5.000% of the monthly payment.

## Assumption of Loan:

Someone buying your home may not be allowed to assume the remainder of the mortgage on the original terms.

## Due on Sale:

If all or any part of the property securing the ARM or any interest in it is sold or transferred (or if beneficial interest of the Borrower is sold or transferred and the Borrower is not a natural person) without the Lender's prior written consent, the Lender may, at its option, require immediate payment in full of the loan.

## Escrow Payments:

Your total monthly payment may also include an escrow payment with your monthly payment of principal and interest. These escrow payments will be put into an escrow account so that we can pay large semi-annual or annual expenses associated with your property when they are due. These expenses can include yearly property taxes, assessments, ground rents, and yearly mortgage and hazard insurance premiums, as applicable to your property.

The escrow payment is calculated as the estimated annual total of the Escrow Expenses divided by the number of payments that are due per year.

If you fail to make an escrow payment when due, the Lender will have the right to deduct it from your monthly payment and require you make up the difference. The Lender may also reject any monthly payment which is less than the amount of principal, interest and monthly escrow payment due, and exercise the rights provided in the contract regarding default for late or delinquent payments.

Once a year, your escrow account will be analyzed to assure that the proper amount of funds is being collected monthly. At this time, a new escrow payment will be calculated as the estimated annual total of your current Escrow Expenses less your current escrow balance, divided by the number of payments that are due per year.

When the entire mortgage balance has been repaid to the Lender, any amounts left in the escrow account after the necessary Escrow Expenses have been paid will be returned to the borrower. If insufficient funds are available in the escrow account to pay necessary Escrow Expenses, the additional expense amount shall be immediately due and payable by the borrower.

## Additional Information and Resources:

For additional information and resources pertaining to Adjustable Rate Mortgage loans, review the [Consumer Handbook on Adjustable-Rate Mortgages](#).