

VIRGINIA CREDIT UNION, INC., ADJUSTABLE RATE MORTGAGES (ARMs)

This disclosure describes the features of the adjustable rate mortgage (ARM) program you are considering, along with information on other ARM programs that are available. This disclosure is for information purposes only and does not constitute a commitment on the part of the Lender to provide financing. Loan Documents such as the Note, Disclosures, Security Instrument and Riders will control the terms of the loan; therefore, you should become familiar with and understand the provisions of these documents. Upon execution of the Loan Documents, both you and the Lender will become bound by the terms of the Loan Documents.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

ARMs get their name from the fact that their interest rate is periodically adjusted by the Holder or Transferee of the Note and Security Instrument, who is entitled to receive payments under the Note (Lender). At each interest rate adjustment, your new interest rate will be based on an index plus a margin. Your principal and interest payment (payment) will be based on the interest rate, loan balance and loan term. The table below details the index and margin for each ARM program offered by the Lender:

ARM PROGRAM	INDEX	MARGIN
One Year ARM	1-Year London Interbank Offered Rate (LIBOR)	2.250%
Three Year ARM	1-Year London Interbank Offered Rate (LIBOR)	2.250%
Five Year ARM	1-Year London Interbank Offered Rate (LIBOR)	2.250%
Seven Year ARM	1-Year London Interbank Offered Rate (LIBOR)	2.250%
Ten Year ARM	1-Year London Interbank Offered Rate (LIBOR)	2.250%
Land Only – One Year ARM	1-Year London Interbank Offered Rate (LIBOR)	3.000%
Five Year FHA ARM	1-Year Constant Maturities Index (CMT)	2.000%

The current value of the Constant Maturities Treasury index is published weekly by the Federal Reserve Board in Statistical Release H.15 (519). The LIBOR index is the average of interbank offered rates for U.S. dollar-denominated deposits in the London market. Each index is commonly published in financial publications such as the *Wall Street Journal*. If the index for your ARM is no longer available, the Lender will choose a new index based on comparable information. You may obtain further information about the Constant Maturities Treasury index by writing to: Federal Reserve Board Publications Services, Mailstop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551.

At each interest rate adjustment, the value of the index most recently available as of 45 days prior to the date of your interest rate adjustment will be added to the margin, and the resulting interest rate will be rounded up or down to the nearest one eighth percentage point (0.125%). This will be your new interest rate unless “caps” on your interest rate, as described below, limit the amount your interest rate will change.

The initial interest rate being offered is not based on the formula described above. It is “discounted,” which means the offered rate is less than the interest rate you would calculate today by the interest rate formula. A discounted interest rate is not the same as the discount points that may be charged on your loan. Ask us for our current interest rate, as well as the amount of the current interest rate discount and the discount points currently charged on our ARM programs.

You will be notified in writing of any adjustments in your interest rate and payments at least 25, but no more than 120 days before the change becomes effective. Because interest on your loan is collected in arrears, payment changes are effective one month after an adjustment to the interest rate. The notice you receive will show your new interest rate and new payment amount, the date the interest rate and payment adjustment take effect, the balance of your loan, and the name and telephone number of a Representative who can answer any questions you may have about your notice.

HOW YOUR INTEREST RATE AND PAYMENT CAN CHANGE	One Year ARM	Three Year ARM	Five Year ARM	Seven Year ARM	Ten Year ARM	Land Only One Year ARM	FHA Five Year ARM
The initial interest rate and payment amount are fixed for:	One Year (12 payments)	Three Years (36 payments)	Five Years (60 payments)	Seven Years (84 payments)	Ten Years (120 payments)	One Year (12 payments)	Five Years (60 payments)
Thereafter, your interest rate and payment can change every:	Twelve (12) months	Twelve (12) months	Twelve (12) months	Twelve (12) months	Twelve (12) months	Twelve (12) months	Twelve (12) months
At the initial adjustment, your interest rate cannot increase or decrease more than this percentage point (cap):	2.000%	2.000%	5.000%	5.000%	5.000%	2.000%	1.000%
At each adjustment, your interest rate cannot increase or decrease more than this percentage point (cap):	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	1.000%
Over the term of the loan, your interest rate cannot increase or decrease more than this percentage point (cap):	6.000%	6.000%	5.000%	5.000%	5.000%	6.000%	5.000%

THREE EXAMPLES OF HOW YOUR INTEREST RATE AND PAYMENT CAN CHANGE

#1 Based on a 30 year loan term and a \$10,000 loan amount:	One Year ARM	Three Year ARM	Five Year ARM	Seven Year ARM	Ten Year ARM	Land Only One Year ARM	FHA Five Year ARM
Initial Discounted Interest rate in effect October 31, 2012	2.750%	3.125%	3.375%	3.500%	3.875%	N/A	2.875%
Margin	2.250%	2.250%	2.250%	2.250%	2.250%	N/A	2.000%
Initial Monthly Loan Payment (Principal and Interest) will be:	\$40.82	\$42.84	44.21	\$44.90	\$47.02	N/A	\$41.49
At the first adjustment, the interest rate cannot increase above:	4.750%	5.125%	8.375%	8.500%	8.875%	N/A	3.875%
At the first adjustment, the interest rate cannot decrease below:	2.250%	2.250%	2.250%	2.250%	2.250%	N/A	2.000%
At the first adjustment, the payment will not increase above:	\$51.83	\$53.44	\$71.32	\$70.26	\$69.96	N/A	\$46.21
At the first adjustment, the payment will not decrease below:	\$38.30	\$38.60	\$39.03	\$39.50	\$40.62	N/A	\$37.60
The maximum (lifetime cap) interest rate can be:	8.750%	9.125%	8.375%	8.375%	8.875%	N/A	7.875%
The maximum principal and interest payment can be:	\$76.56	\$76.93	\$71.32	\$70.26	\$69.96	N/A	\$65.94
The maximum interest rate and payments can be reached after:	Three Years	Five Years	Five Years	Seven Years	Ten Years	N/A	Nine Years
To see what your payments would be: divide your mortgage amount by \$10,000; then multiply the monthly loan payment by that amount. Using a \$60,000 mortgage amount as an example, the formula is: \$60,000 divided by \$10,000 = 6. Then 6 (X) the indicated Initial Monthly Payment = your Monthly Loan Payment shown here:	\$244.92 (6 X \$40.82)	\$257.04 (6 X \$42.84)	\$265.26 (6 X \$44.21)	\$269.40 (6 X \$44.90)	\$282.12 (6 X \$47.02)	N/A	\$248.94 (6 X \$41.49)

#2 Based on a 15 year loan term and a \$10,000 loan amount:	One Year ARM	Three Year ARM	Five Year ARM	Seven Year ARM	Ten Year ARM	Land Only One Year ARM	FHA Five Year ARM
Initial Discounted Interest rate in effect October 31, 2012:	2.750%	3.125%	3.375%	3.500%	3.875%	3.625%	N/A
Margin	2.250%	2.250%	2.250%	2.250%	2.250%	3.000%	N/A
Initial Monthly Loan Payment (Principal and Interest) will be:	\$67.86	\$69.66	\$70.88	\$71.49	\$73.34	\$72.10	N/A
At the first adjustment, the interest rate cannot increase above:	4.750%	5.125%	8.375%	8.500%	8.875%	5.625%	N/A
At the first adjustment, the interest rate cannot decrease below:	2.250%	2.250%	2.250%	2.250%	2.250%	3.000%	N/A
At the first adjustment, the payment will not increase above:	\$77.15	\$77.81	\$88.91	\$86.04	\$82.69	\$81.74	N/A
At the first adjustment, the payment will not decrease below:	\$65.65	\$66.27	\$67.15	\$68.10	\$70.47	\$69.24	N/A
The maximum (lifetime cap) interest rate can be:	8.750%	9.125%	8.375%	8.500%	8.875%	9.625	N/A
The maximum principal and interest payment can be:	\$95.77	\$93.62	\$88.91	\$86.04	\$82.70	\$101.01	N/A
The maximum interest rate and payments can be reached after:	Three Years	Five Years	Five Years	Seven Years	Ten years	Three Years	N/A
To see what your payments would be: divide your mortgage amount by \$10,000; then multiply the monthly loan payment by that amount. Using a \$60,000 mortgage amount as an example, the formula is: \$60,000 divided by \$10,000 = 6. Then 6 (X) the indicated Initial Monthly Payment = your Monthly Loan Payment shown here:	\$407.16 (6 X \$67.86)	\$417.96 (6 X \$69.66)	\$425.28 (6 X \$70.88)	\$428.94 (6 X \$71.49)	\$440.04 (6 X \$73.34)	\$432.60 (6 X \$72.10)	N/A

#3 Based on a 10 year loan term and a \$10,000 loan amount:	One Year ARM	Three Year ARM	Five Year ARM	Seven Year ARM	Ten Year ARM	Land Only One Year ARM	FHA Five Year ARM
Initial Discounted Interest rate in effect October 31, 2012:	2.750%	3.125%	3.375%	3.500%	3.875%	3.625%	N/A
Margin	2.250%	2.250%	2.250%	2.250%	2.250%	3.000%	N/A
Initial Monthly Loan Payment (Principal and Interest) will be:	\$95.41	\$97.14	\$98.30	\$98.89	\$100.65	\$99.47	N/A
At the first adjustment, the interest rate cannot increase above:	4.750%	5.125%	8.375%	8.500%	NA	5.625%	N/A
At the first adjustment, the interest rate cannot decrease below:	2.250%	2.250%	2.250%	2.250%	2.250%	3.000%	N/A
At the first adjustment, the payment will not increase above:	\$103.93	\$103.90	\$110.88	\$106.52	NA	\$108.22	N/A
At the first adjustment, the payment will not decrease below:	\$93.35	\$94.27	\$95.60	\$97.02	8.875%	\$96.83	N/A
The maximum (lifetime cap) interest rate can be:	8.750%	9.125%	8.375%	8.500	NA	9.625%	N/A
The maximum principal and interest payment can be:	\$119.37	\$115.28	\$110.88	\$106.51	\$100.65	\$122.67	N/A
The maximum interest rate and payments can be reached after:	Three Years	Five Years	Five Years	Seven Years	Ten years	Three Years	N/A
To see what your payments would be: divide your mortgage amount by \$10,000; then multiply the monthly loan payment by that amount. Using a \$60,000 mortgage amount as an example, the formula is: \$60,000 divided by \$10,000 = 6. Then 6 (X) the indicated Initial Monthly Payment = your Monthly Loan Payment shown here:	\$572.46 (6 X \$95.41)	\$582.84 (6 X \$97.14)	\$589.80 (6 X \$98.30)	\$593.34 (6 X \$98.89)	\$603.90 (6X \$100.65)	\$596.82 (6 X \$99.47)	N/A

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ACKNOWLEDGMENT

Thank you for inquiring for your mortgage loan at Virginia Credit Union, Inc. (VACU). If the information provided to you has not fully answered your questions concerning the loan program that you are considering, please ask your mortgage representative for additional information.

BY SIGNING BELOW OR OTHERWISE AUTHENTICATING YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED A COPY OF THIS DISCLOSURE:

Applicant's Signature

Date Signed

Applicant's Signature

Date Signed