

BLENDING RATE PROGRAM

(Pages 1-4)

Overview

The IDB Global FCU Blended Rate Program is designed to offer our members the opportunity to combine their existing mortgage rate with a new qualified rate, using a weighted average calculation to provide a competitive mortgage rate. This program aims to reduce monthly payments while offering flexibility for home financing.

Eligibility Requirements

1. **Current Mortgage Requirement:** Members must currently hold a Primary Residence mortgage with IDB Global FCU.
2. **Good Standing:** The current mortgage must have no late payments, delinquencies, or defaults within the last 24 months.
3. **Underwriting Criteria:**
 - a. Minimum credit score as determined by IDB Global FCU's lending guidelines.
 - b. The debt-to-income (DTI) ratio must meet IDB Global FCU's criteria.
 - c. Applicants must meet all other underwriting standards, including verification of income, assets, and employment history.
4. **Required Documentation:** Applicants must submit a complete residential loan application along with all necessary documentation, including:
 - a. Proof of income (e.g., pay stubs, tax returns)
 - b. Asset statements (e.g., bank statements, investment accounts)
 - c. Employment history verification (e.g., employment letters, W-2s)
 - d. Any additional documentation required by the underwriting department
5. **Purchase Requirement:** To qualify for the Blended Rate Program for purchases, members are required to sell their current home. This ensures that the Blended Rate is applied to the new home purchase only.
6. **Refinance Eligibility:** Only cash-out refinances are allowed under this program. The cash-out refinance must add a minimum of \$50,000 to the current mortgage balance, in addition to covering closing costs. Rate and term refinances are not allowed under this program.

Loan Details

1. **Maximum Loan Amount:** Up to \$2.0 Million. However, the final approved loan amount will depend on various underwriting criteria, including but not limited to:
 - a. **Combined Loan-to-Value (CLTV) Ratios:** The approved loan amount may vary based on the CLTV, higher CLTV ratios will generally reduce the maximum loan amount that can be approved. Verify with the lending team the maximum loan amount.
 - b. **Underwriting Factors:** Additional factors such as debt-to-income (DTI) ratio, income stability, and overall creditworthiness will also influence the maximum loan amount.
2. **Combined Loan-to-Value (CLTV) Ratios:**
 - a. **Purchases:** Up to 95% CLTV.
 - b. **Cash-Out Refinances:** Up to 80% CLTV. Minimum cash-out \$50,000.
3. **Down Payment:**
 - a. For purchases, the required down payment will vary depending on the CLTV, the applicant's credit profile, and the specific loan program.
4. **Closing Costs:** Borrowers are responsible for all closing costs, including but not limited to:

- a. Appraisal fees
- b. Title insurance
- c. Origination fees
- d. Other standard costs (credit report, flood certification, prepaid items)

Loan Payment Examples

- **Example Purchase Payment**

For qualified borrowers, the 5/1 Adjustable-Rate Mortgage (ARM) offers an initial fixed rate of 4.500% for the first 5 years, with an Annual Percentage Rate (APR) of 6.160%. After the 5-year fixed period, the interest rate adjusts annually based on the 1-Year T-Bill Index plus a 2.750% margin, subject to rate adjustment caps of 2.00% per year and a lifetime cap of 6.00%, meaning the maximum possible rate will be 10.500%. For example, on a purchase price of \$1,250,000 with a loan amount of \$1,000,000 with a 30-year term at a 5/1 Adjustable-Rate Mortgage of 4.500% (6.160% APR) with a 20% downpayment your initial monthly principal and interest payment would be \$5,066.85. This payment excludes taxes, insurance, and mortgage insurance, which will result in a higher actual monthly payment. A minimum down payment of 20.00% of the purchase price is required, with a combined loan-to-value (CLTV) ratio equal to or lower than 80%. Loans are subject to IDB Global FCU's credit underwriting standards, including a minimum FICO score of 640, income verification, and full documentation of assets. Meeting the minimum FICO score or eligibility criteria does not guarantee loan approval, as final approval is contingent upon a full underwriting review, including debt-to-income ratio and property appraisal. Escrow accounts for property taxes, homeowners' insurance, and mortgage insurance are required and will be included in the monthly mortgage payment. There are no prepayment penalties for paying off the loan early. Loan limits apply, with the conforming loan limit set at \$766,550 and the high-balance loan limit set at \$1,149,825 for 2024. Please contact us for more details or a personalized Loan Estimate.

- **Example Cash-Out Refinance Payment**

For qualified borrowers, the 5/1 Adjustable-Rate Mortgage (ARM) offers an initial fixed rate of 4.000% for the first 5 years, with an Annual Percentage Rate (APR) of 5.940%. After the 5-year fixed period, the interest rate adjusts annually based on the 1-Year T-Bill Index plus a 2.750% margin, subject to rate adjustment caps of 2.00% per year and a lifetime cap of 6.00%, meaning the maximum possible rate will be 10.000%. For example, on a refinance loan amount of \$900,000 with a 30-year term at a 5/1 Adjustable-Rate Mortgage of 4.000% (5.940% APR) at 80% CLTV, your initial monthly principal and interest payment would be \$4,296.74. This payment excludes taxes, insurance, and mortgage insurance, which will result in a higher actual monthly payment, with a combined loan-to-value (CLTV) ratio equal to or lower than 80%. Loans are subject to IDB Global FCU's credit underwriting standards, including a minimum FICO score of 640, income verification, and full documentation of assets. Meeting the minimum FICO score or eligibility criteria does not guarantee loan approval, as final approval is contingent upon a full underwriting review, including debt-to-income ratio and property appraisal. Escrow accounts for property taxes, homeowners' insurance, and mortgage insurance are required and will be included in the monthly mortgage payment. There are no prepayment penalties for paying off the loan early. Loan limits apply, with the conforming loan limit set at \$766,550 and the high-balance loan limit set at \$1,149,825 for 2024. Please contact us for more details or a personalized Loan Estimate.

Rate and Loan Term

1. Blended Rate Weighted Average Calculation:

$$\text{Formula} = \frac{(\text{Current Loan Balance1} \times \text{Current Rate1}) + (\text{New Money/Cashout2} \times \text{New Qualified Rate 1})}{(\text{Current Loan Balance1} + \text{New Money/CashOut2})}$$

Once the weight rate calculated, is rounded up to the nearest 1/8th and compared with the

Minimum Rate Threshold is 4.000%. If the blended rate exceeds this threshold, the higher rate will apply.

2. Example 1

- Current Loan Balance1 = \$300,000 X Current Rate1 = 3.000%
- New Money/Cash Out Loan2 = \$500,000 X New Qualified Rate2 = 5.50%

Now plugging the values into the formula:

$$\text{Combined Weight Rate} = \frac{(\$300,000 \times 3.000) + (500,000 \times 5.500)}{(\$300,000 + \$500,000)}$$

Combined Weighted Rate = 4.469%

After rounding up to the nearest 1/8, the **Final Blended Rate is 4.500%.**

- Since this rate is above the **Minimum Threshold Rate** of 4.000%, the blended rate of 4.500% will apply.

Example 2

- Current Loan Balance1 = \$500,000 X Current Rate1 = 2.500%
- New Money/Cash Out Loan2 = \$400,000 X New Qualified Rate2 = 5.50%

Now plugging the values into the formula:

$$\text{Combined Weight Rate} = \frac{(\$500,000 \times 2.500) + (400,000 \times 5.500)}{(\$500,000 + \$400,000)}$$

Combined Weighted Rate = 3.833%

After rounding up to the nearest 1/8, the rounded rate is 3.875%, the **Final Blended Rate is 4.000%.**

- Since this rate is below the **Minimum Threshold Rate** of 4.000%, the blended rate of **4.000%** will apply.

Loan Term: The new loan term will match the term of the existing mortgage.

For example:

- If the current mortgage is a 30-year fixed loan, the new loan will also be a 30-year fixed mortgage.
- If the existing loan is an adjustable-rate mortgage (ARM), such as a 5/1 ARM, the new loan will follow the same program.

Exception: Switching to a different loan program will incur a 2.000% origination fee.

Occupancy Requirements

The new home financed, or the home being refinanced must meet the same occupancy requirements as the original mortgage primary residence.

Fees

1. **Origination Fee:** A 1.000%-point origination fee applies to all loans under this program, whether for purchasing a new home or refinancing an existing one under the same program (e.g., current 5/1 ARM to new 5/1 ARM) additional to all the standard fees.
2. **Exception Fee:**
If switching to a different loan program (e.g., from an ARM to a fixed-rate loan), a fee of 2 points (2.000%) will apply additional to all the regular standard fees.
3. **Standard Fees:** All applicable fees will apply, including but not limited to:
 - Title insurance
 - Appraisal fees
 - Credit report fees
 - Flood certification fees
 - Prepaid items (e.g., property taxes, homeowners' insurance)
 - Other associated costs
4. **Rate Lock Payment:** A non-refundable fee of 0.125% of the loan amount is required to lock in the current mortgage rate for up to 90 days.

Promotion Period

1. **Application Deadline:** Applications must be received by IDB Global FCU by December 31, 2024.
2. **Offer Expiry:** The Blended Rate Program ends on December 31, 2024, and cannot be combined with any other promotional offers or discounts.

Additional Program Features

1. **Non-Transferable Benefit:** The program is exclusive to eligible members that are current mortgage holders with the IDB Global FCU and cannot be transferred to the buyer if the home is sold.
2. **Program Availability:** The program is available for both new home purchases and/or cash-out refinancing of existing homes with a minimum cash-out of \$50,000, subject to meeting eligibility and underwriting requirements. Rate and Term refinances not eligible.

MORTGAGE DISCLOSURE

(Pages 5-12)

IDB Global Federal Credit Union

1300 New York Avenue, Washington DC 20577

Effective date: 10/01/2024.

Interest CAPS and terms for Adjustable-Rate mortgages.

Program	1/1 ARM	3/1 ARM	3/3 ARM	5/1 ARM	7/1 ARM	10/1 ARM
Maximum Periodic Rate Increase	2.000%	2.000%	2.000%	2.000%	5.000%	5.000%
Maximum Lifetime Rate Increase	6.000%	6.000%	6.000%	6.000%	5.000%	5.000%
Initial Interest Rate Changes After	12 Months	36 Months	36 Months	60 Months	84 Months	120 Months
Rate Reset Cycle	12 Months	12 Months	36 Months	12 Months	12 Months	12 Months
Treasury Index	1 Year T-Bill	1 Year T-Bill	3 Year T-Bill	1 Year T-Bill	1 Year T-Bill	1 Year T-Bill
Margin Primary Residence 80% CLTV	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Margin Primary Residence 80.01-95% CLTV Investment Property 80% CLTV	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

*Margin above is for 360 months amortization. Check with your loan officer the Margin for a 240 months and 180 months amortization.

- If you would like more information about the rate changes of the 1-Year Treasury Bill Index, please visit the U.S. Department of the Treasury online. <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>
- For Loan with LTV's over 80% please contact the Lending Department by email at cu.lending@idbglobalfcu.org or by phone to our main number at 202.623.3363.
- **Investment Properties / Second Home Maturity:** All investment properties are available as adjustable-rate mortgages (ARMs), including options like 3/1, 3/3 5/1, 7/1, or 10/1 ARMs. These loans have a maximum amortization period of 360 months, with a balloon payment that will be due at the end of 15 years. Members must either refinance the loan or pay it off in full by the end of the 15th year.

1st Deed of Trust Maximum Loan Amount and – Loan-To-Value Limits

Adjustable-Rate Mortgages – Primary Residence

Programs available: 3/1 ARM, 3/3 ARM, 5/1 ARM, 7/1 ARM, and 10/1 ARM.

LOAN TYPE	LOAN AMOUNT	MAXIMUM LOAN-TO-VALUE RATIO
Primary Residence *Conforming limit with MI	\$50,000 – \$766,550	95%
Primary Residence *Conforming High-cost area with MI	\$766,551 - \$1,149,825	95%
Primary Residence	\$50,000 – \$2,000,000	80%
Primary Residence *Non-Conforming with MI	\$50,000 – \$1,375,000	90%
Member working at Country Office (Special Terms)	\$50,000 – \$1500,000	80%
Investment Residence Balloon Payment Purchase - Refinance	\$50,000 – \$766,550	80%
Investment Residence Balloon Payment – Refinance	\$766,551 – \$1,149,825	80%

- Subject to DTI, FICO, LTV restrictions, assets reserves, and additional underwriting requirements that will be added at prequalification.

1st Deed of Trust Maximum Loan Amount and – Loan-To-Value Limits

Fixed-Rate Mortgages – Primary Residence

Loan Type	Loan Amount	Maximum Loan-to-Value Ratio
Primary Residence Conforming with MI 10,15, 20 and 30 year-fixed	\$50,000 – \$766,550	95%
Primary Residence High cost with MI 10,15 and 20 year-fixed	\$766,551 – \$1,149,825	95%
Primary Residence 30-Year Fixed Conforming and High-cost limits as applicable	\$50,000 – \$1,149,825	80%
Primary Residence 10,15 and 20 year-fixed	\$50,000 – \$2,000,000	80%
Member working at Country Office (Special Terms) 10,15 and 20 year-fixed	\$50,000 – \$1500,000	80%

- Subject to DTI, FICO, LTV restrictions, assets reserves, and additional underwriting requirements that will be added at prequalification.

1st Deed of Trust Maximum Loan Amount and – Loan-To-Value Limits

Adjustable-Rate Mortgages – Investment Property/Second Home

Programs available: 3/1 ARM, 3/3 ARM, 5/1 ARM, 7/1 ARM, and 10/1 ARM.

Loan Type	Loan Amount	Maximum Loan-to-Value Ratio
Investment Residence Balloon Payment – Purchase - Refinance 180/180, 240/180, 360/180	\$50,000 – \$766,550	80%
Investment Residence Balloon Payment – Purchase - Refinance 180/180, 240/180, 360/180	\$766,551 – \$1,149,825	80%

Conforming and High-cost area limits.

The conforming loan limit is set by The Housing and Economic Recovery Act and designated by the county. The FHFA bases each year's restrictions on their House Price Index report. Most counties will be assigned the national baseline limit, which reflects the change in the average U.S. home price.

The Federal Housing Finance Agency (FHFA) publishes annual conforming loan limits that apply to all conventional mortgages delivered to Fannie Mae or Freddie Mac. These include general and high-cost area loan limits; high-cost areas vary by geographic location. IDB Global Federal Credit Union will follow the conforming and high-cost area limits for the loans that can be sold/delivered in the second market to the GSEs.

We can find the current conforming loan limits with the following link to the FHFA:

<https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

Washington DC metro area current limits:

- 2024 Conforming Limit \$766,550
- 2024 High-cost area Limit \$1,149,825

Mortgage Origination Fees

Lender Origination fees: * mandatory and non-refundable

Application Fee	\$250.00 *
Processing Fee	\$300.00 *
Loan Underwriting Fee	\$250.00 *
Subordination Agreement	\$150.00 *
Loan Amount Commitment Fee	Loan Commitment Fee
\$50,000 - \$766,550.....	\$575.00 *
\$766,551 - \$1,149,825.....	\$725.00 *
\$1,149,826 - \$1,375,000.....	\$875.00 *
\$1,375,001 - \$1,500,000.....	\$1,075.00 *
\$1,500,001 - \$2,000,000.....	\$1,575.00 *
Interest Rate "Lock-in" Fee	0.125% of loan amount *
Lock-in Extension Fee	\$250.00 *

Interest Rate Lock-In:

Interest rate may change daily based upon market conditions.

- Pre-qualification is required.
- **Cost*:** the interest rate Lock-in fee is 0.125% of the loan amount, payable at the time of application, mandatory and non-transferable or refundable.
- **Terms:** Lock-in valid for 60 days for all portfolio products, the settlement date needs to be effective maximum 10 days before the end of the lock-in period.
- **Rate reduction:** One-time option to reduce the interest rate 10 days before settlement or the expiration of the lock-in, whichever occurs first. 30 Years Fixed loans are not eligible for the rate reduction.
- Request for rate reduction must be made in writing.
- The Credit Union is not responsible for informing the borrower(s) of interest rate decreases or increases.

IDB employees working at country offices: Real Estate Refinance

Credit union members working at the IDB country offices that currently own a primary residence in the District of Columbia, Maryland, or Virginia shall be allowed to refinance their primary residence with a permanent 0.50% above the rate charged for owner-occupied properties within our portfolio loan programs, will require a loan amount below 80% of the current LTV, and the loan should meet the conditions for sale in the secondary mortgage market.

Third-Party Fees:

Third-party fees associated with the loan process are subject to change without notice and will be disclosed by the loan officer in the Loan Estimate. These fees can fluctuate at any time. To ensure you have the most up-to-date information, please verify with your loan officer to obtain a current Loan Estimate reflecting the latest fees. Please be aware that additional fees or changes to existing fees may occur throughout the loan process, and these will be communicated promptly by your loan officer. The Credit Union reserves the right to adjust fees as necessary to comply with regulatory requirements and market conditions.

Appraisal Report	From \$550.00 up to \$2,000, the fee can increase based on the loan amount and market conditions.
Flood Certificate	\$16.00
Deed of Trust Prep.	\$150.00
Credit Report	\$114.50 or plus, increased on yearly

Title Company related Fees: (Estimated)

Settlement Fee	\$550.00 or plus
Abstract Title Search	\$100.00 - \$550.00 Range
Policy Prep Fee	\$50.00 - \$595.00 Range
Courier Fee	\$50.00 - \$595.00 Range
Title Insurance Policy	Market Conditions
Owner Insurance Policy	Market Conditions
Recording Fees	\$56.00-\$500.00 Based on Country Information
Transfer Taxed	Depends on the state regulations

Escrows:

Escrows	IDB Global Federal Credit Union Reserves	Additional Reserves
Property Taxes	2 Months cushion plus additional reserves	Depending on Country Taxes Due date
Hazard Insurance	2 Months cushion plus additional reserves	Purchase: 12 Months Paid at front Refinance: Based on Policy Due date
Mortgage Insurance	2 Months cushion plus additional reserves	Purchase: 12 Months Paid at front Refinance: Based on Policy Due date

Home Mortgage Disclosure Act Notice (HMDA)

The HMDA data regarding our residential mortgage lending is available for review. This data includes information on the geographic distribution of loans and applications, as well as the ethnicity, race, sex, and income of applicants and borrowers, along with details on loan approvals and denials. You may inquire at this office to find out where you can inspect the HMDA data. To request a copy of this HMDA data, please send a written request to cu.lending@idbglobalfcu.org. We are committed to transparency and compliance with the Home Mortgage Disclosure Act to ensure fair lending practices.

Pre-Payment penalties

IDB Global Federal Credit Union does not impose a pre-payment penalty on any of its mortgage loans. Borrowers are free to pay off their mortgage loans early without incurring any additional fees or penalties, allowing them to save on interest costs over the life of the loan. This policy aligns with current regulatory requirements and promotes borrower flexibility. All other terms and conditions of the original mortgage loan remain unchanged.