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PenFed Adjustable Rate Mortgage (ARM) Promotional Rate Sale A Jaw Dropper for Deal Seekers

This special offer is available on both home purchases and refinancing, and features no closing costs, financing on home purchases or external refinancing up to \$4 million, and a courtesy rewards bonus on select credit cards. For home purchases there is also a guaranteed closing date offer.

March 7, 2013, Alexandria, Va.—[PenFed \(Pentagon Federal Credit Union\)](#) revealed today that they have launched a new flagship [Adjustable Rate Mortgage \(ARM\)](#) offer to systematically address the huge challenges faced by homebuyers.

Designed to be the perfect loan for borrowers who want to maximize the value in their home and minimize cash out of pocket expenses at the settlement table, PenFed believes this is the best mortgage offer in the nation.

“This offer is great news in the current economic environment,” said Deborah Ames Naylor, Executive Vice President of Mortgages at PenFed. “Our best mortgage offer just got better. We cannot know exactly how long this offer will last, so we hope that many households take advantage of it right away.”

Promotion Highlights:

PenFed’s newest mortgage offer includes the following promotional features:

A COMPETITIVE, LOW PROMOTIONAL RATE: This special offer is available on PenFed’s 5/5 Adjustable rate Mortgage (ARM) for purchase applications and external refinances:

Example: For a \$400,000 loan amount, the 2.500% initial interest rate and 2.732% APR, at 0.875 points, the 5/5 ARM adjusts only once every five years. Based on current market conditions, the monthly payment schedule would be:

- First 60 payments of approximately \$1,580.48 each; and
- Next 300 payments, 2.750% interest rate and 2.732% APR, payments of approximately \$1,625.21 each.

This payment example does not include taxes or insurance; and actual payments may be greater. The rate is a variable rate and can increase.

NO CLOSING COSTS¹: Available on purchases and external refinances. PenFed now offers its 5/5 ARM with no closing costs. That means PenFed pays any costs involved with closing—including, but not limited to—any appraisal fee, tax service fee, title fee, transfer tax, credit report fee, and more. PenFed pays all fees so that a borrower’s house-buying funds go directly toward the value of their home.

For Example: A homebuyer with a \$500,000 loan would save nearly \$14,000 or more on closing costs. A loan for \$750,000 would provide around \$20,000 or more in savings. Since closing costs vary according to location, those savings could skyrocket depending on where a borrower buys a home.

Loan Amount	Closing Cost Savings
\$200,000	\$6,474.85
\$500,000	\$13,894.62
\$750,000	\$19,957.77
\$1,000,000	\$27,102.55

According to Naylor, “It’s not unusual to see a loan request for purchasing property in New York for \$1,000,000. Someone facing that kind of loan would save over \$27,000 with our 5/5 ARM. You just can’t pass up that kind of savings.”

PENFED COVERS THE FIRST PAYMENT²: PenFed will also cover the 5/5 ARM’s first payment in the form of a closing cost credit. PenFed pays not only the principal, but also the taxes and interest in the first payment. On a \$400,000 loan, the first payment could be \$1,580 or more.

“Getting into your home should be a thrilling experience,” said Naylor. “We’re covering the first payment so that your only thought is, ‘We did it!’”

GUARANTEE THE CLOSING DATE³: PenFed guarantees its 5/5 ARM will be ready by the closing date of a new purchase. If the closing date is not met, PenFed will pay the borrower \$1,000.00.

ASTOUNDING RATE: PenFed believes that features and offers do not mean a thing without a good rate backing it up. The 5/5 ARM offers a 2.5% rate for the first five years. According to BankRate.com as of February 26, 2013, this is .25% lower than the national average on a 5/1 ARM.

LONGER, PREDICTABLE PERIODS: PenFed’s 5/5 ARM can only adjust once every five years, providing a predictable, long-lasting great rate for the homeowner. It can only adjust by 2%—with a lifetime cap of only 5%. That means a borrower starting at the 2.5% rate can be assured that rate will last five years without unpredictable fluctuations due to market conditions.

HOME VALUE OR LOAN SIZE BENEFITS: The PenFed 5/5 ARM benefits apply to any ARM on home purchases or external refinancing, up to \$4 million.

“Every place is different, and every place prices differently,” said Naylor. “It’s not uncommon for a financial institution to offer a good deal—that is, on a very specific loan size. That is not what we are aiming for with this special offer. We want people to buy the home they want, not the home we want them to buy.”

EARN CREDIT CARD POINT REWARDS⁴: Individuals who obtain a PenFed 5/5 adjustable rate mortgage (ARM) will earn reward points equal to 10% of a mortgage loan with a maximum credit of 100,000 points on their qualifying PenFed rewards credit card. PenFed's rewards credit cards have market leading rates, benefits and rewards.

"We consider our 5/5 ARM to be our flagship mortgage program. It provides one of the best member value deals ever. Besides, spring is prime time for house buying, so this is the perfect time to get in on our biggest 'WOW' mortgage offer of the year. Don't miss out," said Naylor.

Learn More and Apply Today!

For more information about PenFed and our 5/5 ARM mortgage program, visit PenFed.org or call 800.970.7766.

About PenFed (Pentagon Federal Credit Union)

Established in 1935, PenFed is one of the largest credit unions in the United States with over a million members and more than \$15 billion in assets. PenFed provides an extensive selection of financial products to its members worldwide. Its core membership includes the Department of Defense, Army, Marine Corps, Navy, Air Force, and Coast Guard; Department of Homeland Security personnel, employees or volunteers of the American Red Cross, numerous military associations, and many others. PenFed is federally insured by the National Credit Union Administration and is an equal housing lender.

Disclosures: Rates valid as of March 6, 2013 and subject to change. **5/5 Adjustable Rate Mortgage (ARM)** ¹**Closing Cost Promotion:** PenFed will pay your closing costs including but not limited to: appraisal fee, tax service fee, CLO access fee, title fees, transfer tax fees, credit report fee, flood cert fee, recording fee, survey if required and work verification fee. This does not include: escrow, interest, homeowner's insurance or owner's title insurance, or the cost for a structural engineering or similar report, should the appraiser request one, or points to buy a rate down or applied to a loan. Points are the responsibility of the borrower and not covered in promotions. Refinancing of existing PenFed mortgages do not qualify. Promotion is not available for investment properties. Other restrictions also apply. You must use one of our preferred title companies to get the closing cost credits. For New York properties, borrowers are required to pay title insurance premiums and may use any title company to obtain the closing cost credit. Closing costs, first payment, and guaranteed closing date offers are only available for owner occupied primary residence and second homes. Offers available for purchases or external refinances only. Offer applies only to applications received on or after February 21, 2013. For Limited Cash Out refinances, limitations on the amount of cash back at closing may require that all or a portion of the credits be applied toward principal reduction. **Reimbursement of Closing Costs:** If you pay this loan off and close the account earlier than the 36-month anniversary date of the loan closing, you will be obligated to pay PenFed a prorated amount of the closing cost credit received from PenFed. This amount will be added to any loan payoff amount requested prior to the 36 month anniversary date. The reimbursement amount will be prorated in equal amounts on a monthly basis. Closing cost credits to be reimbursed include all the closing costs credits, including credit for the first payment and, if applicable, the \$1,000 credit provided if PenFed failed to meet the purchase closing date, even when resulting in principal reduction credits for limited cash out refinances. ²**1st Payment Promotion:** For purchases and external refinances, PenFed will provide a credit to you at closing in the amount of your first payment, to include principal, interest, taxes and homeowners insurance as applicable. You will be responsible for making all payments, including your first payment, pursuant to the repayment terms in your mortgage and promissory note. PenFed will not make any actual payments on your behalf. For Limited Cash Out refinances, limitations on the amount of cash back at closing may require that all or a portion of the credits be applied toward principal reduction. ³**Guaranteed Closing Date Promotion:** If PenFed is responsible for delaying your settlement date due to a

delay in underwriting caused by PenFed error, PenFed will pay you \$1,000 at closing pursuant to the following terms and conditions: (i) settlement date must be set 30 days after our receipt of the ratified purchase contract; (ii) promotion is only applicable to Purchase transactions; (iii) PenFed is not responsible for delays caused by the borrower or by third parties, including but not limited to, title, appraisal, or seller issues. For Limited Cash Out refinances, limitations on the amount of cash back at closing may require that all or a portion of the credits be applied toward principal reduction. **4Credit Card Point Rewards:** Borrower will receive PenFed credit card reward point's equivalent to 10% of the 5/5ARM mortgage loan amount. Reward points will be applied to a qualifying PenFed rewards credit card within (30) business-days of the loan's funding date; subject to terms and conditions. The mortgage must be for a primary residence or second home. Does not apply to refinances on existing PenFed loans or investment properties. Borrower must have an active qualifying PenFed rewards credit card (PenFed Premium Travel Rewards American Express or PenFed Platinum Rewards Visa) prior to submission of the mortgage loan application or within 90 days of the settlement date. Borrower's mortgage and credit card must be active and not have been in default. All credit card reward points will be added to only one qualifying PenFed rewards credit card. This promotion is only available to the primary borrower and co-borrowers will not be eligible. PenFed credit card reward points are subject to PenFed credit card reward point's terms and conditions. Offer applies only to applications received on or after February 21, 2013.


