



FOR IMMEDIATE RELEASE

Media Contact:

Amy Doane

Direct: 541-225-6606

Email: Amy.Doane@PenFed.org

New PenFed Promotion Waives Closing Costs on Flagship Adjustable Rate Mortgage

For this limited time promotional offer, PenFed is waiving the closing costs on its flagship [5/5 Adjustable Rate Mortgage \(ARM\)](#). The offer is available on primary or secondary home purchases and external refinances. Additional lending program features include Rate Reset Protection, free 90-day rate locks, and instant online pre-qualification.

April 3, 2014, Alexandria, Va. — [PenFed](#) (Pentagon Federal Credit Union) today announced that its newest mortgage special waives the closing costs on its flagship [5/5 Adjustable Rate Mortgage \(ARM\)](#). This offer will only last for a limited time; therefore, consumers who are shopping for the best opportunities available in which to save money on a primary or secondary home purchase, or external refinance, will want to act soon.

“April is definitely a great time to save money at PenFed. As a not-for-profit lending organization, PenFed is committed to offering the best rates and the lowest fees possible to mortgage shoppers,” said Craig Olson, senior vice president of mortgage operations at PenFed. “It is always a thrill for us when we can help borrowers save money through our innovative mortgage programs and promotional specials like this one.”

Low Rate

Compared to other lenders, PenFed’s mortgage interest rates are some of the lowest in the nation.

For example, at a 2.875% initial interest rate, the APR is 3.444%, subject to increase. Based on current market conditions and a loan amount of \$400,000, the monthly payment schedule would be:

- First 60 payments of approximately \$1,659.57 each; and
- 300 payments of approximately \$1,824.19 each, at an interest rate of 3.750%.

This payment example does not include taxes or insurance; and actual payments may be greater.

Promotional Highlights

Now for a limited time, PenFed will pay up to \$10,000 in costs involved with closing on its [5/5 ARM](#); including, but not limited to, the appraisal fee, tax service fee, title fee, transfer tax, credit report fee, and more.

This cost savings incentive will be a major benefit to consumers. With the closing cost fee waived, a borrower's house-buying funds can go directly toward the value of their home.

Why consider an ARM?

The [PenFed 5/5 ARM](#) is unique in that it offers a fixed interest rate for the initial five years, and it adjusts only a maximum of 2 percentage points every five years after that—with a lifetime cap of 5 percentage points.

That means a borrower starting at the 2.875% rate can be assured that rate will last five years without unpredictable fluctuations due to market conditions.

Additional Program Features

A [PenFed 5/5 ARM](#) includes the following features:

- **Low Rate:** With a PenFed 5/5 ARM, enjoy a low rate that's fixed for five years¹.
- **Closing costs promotional offer:** For a limited time, PenFed will pay up to \$10,000 in closing costs on primary or secondary home purchases and external refinances².
- **Free 90-day rate lock:** Get peace of mind by locking in a rate for 90-days³.
- **Instant online pre-qualification:** Eliminate the rush to secure mortgage financing with easy, convenient online pre-qualification.
- **Rate Reset Protection Option:** PenFed has added ease and convenience to the mortgage loan experience with Rate Reset Protection Option⁴. In just "one click," eligible borrowers now have the option to reset a rate up to five times during the life of the loan.

Why choose PenFed for your mortgage financing?

With 79 years of lending experience behind its name, PenFed offers a full range of mortgage lending products. When shopping for a mortgage, consumers will find that PenFed's [mortgage programs](#) offer some of the most innovative features and competitively priced interest rates available.

For more information about PenFed and to apply for a mortgage, visit [PenFed.org](#) or call 800-247-5626.

About PenFed (Pentagon Federal Credit Union)

Established in 1935, PenFed is one of the largest credit unions in the country serving over 1.2 million members worldwide; with more than \$17 billion in assets. Its longstanding mission has

been to provide superior financial services, responsive to members' needs in a cost effective manner. PenFed offers market leading mortgages, automobile loans, credit cards, checking, and a wide-range of other financial services with its members' interests always in mind. Serving a diverse population, there are many ways to become a PenFed member; including numerous association members and employee groups.

Disclosures: Rates and offers are in effect as of April 2, 2014 for new applications only, for a limited time, and subject to change without notice.

¹5/5 ARMs: Offers available for purchases and refinances. The initial rate can change every 5 years by no more than 2 percentage points up or down, never to exceed 5 percentage points above the initial rate. When the rate adjusts, your new rate will be the then current index plus margin, which is currently set to 2.00 for the new products, as long as it does not exceed the 2% adjustment cap.

²5/5 Adjustable Rate Mortgage (ARM) Closing Cost Promotion: Offer available for purchases and external refinances only. PenFed will pay your closing costs up to \$10,000 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, 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. Builder or seller credits may reduce the amount of the closing cost credits. This promotion is not available for investment properties. Other restrictions also apply. Contact your PenFed mortgage consultant for any applicable additional restrictions and details about your loan. 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. Offer is only available for owner occupied primary residence and second homes. Refinance of an existing PenFed mortgage is not eligible for the closing cost credit and borrowers will be required to pay all closing costs. 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 principle reduction. Note the reimbursement of closing costs below.

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 costs credits to be reimbursed include all closing costs paid by PenFed except those paid to affiliated title companies. See contract addendum for details.

Investment properties are not eligible for offer.

³For a purchase transaction, the rate cannot be locked until PenFed receives a ratified sales contract executed by all required parties.

⁴5/5 ARM with Rate Reset Option: During the origination process for a 5/5 ARM, PenFed mortgage borrowers have the option of selecting the Rate Reset Option. The initial rate is 0.25% higher than the current 5/5 ARM rate. You may reset your rate five (5) times during the life of your loan. The initial reset may be elected one (1) calendar year after the date your loan closed (purchase) or the date the loan funded (refinance). When the rate reset feature is selected, the new rate will be calculated by selecting the lesser of (i) adding 2.25% to the Current Index (weekly average yield on US Treasury securities adjusted to a constant maturity of five years, as made available by the Federal Reserve Board) or (ii) adding 0.25% to PenFed's current rate offering for its 5/5 adjustable rate mortgage loan product. The new rate will be rounded to the nearest 0.125%. When exercising the rate reset feature, the new interest rate will be fixed for an additional five (5) year period. In order to exercise the rate reset option, the loan must be in good standing with no rate resets within the prior twelve (12) months. Other terms and conditions apply.

Escrows will only be waived if LTV is 80% or less in CA, OR, DC, VT & NY; 75% in all other states.

Borrowers are required to have sufficient reserve assets available to cover 6 months full payments including principal, interest, homeowner's insurance, property taxes and homeowner associated dues and/or mortgage insurance, if applicable. For non-primary residences, we require 12 months of reserve assets.

If a loan is withdrawn, the applicant may not reapply for at least 90 days from the date the application was withdrawn. All above disclosures apply to non-Veteran's Administration (VA) loans. VA loans have different guidelines and eligibility requirements.

Restrictions apply to existing PenFed mortgage borrowers. Other restrictions may apply. Contact your PenFed mortgage consultant for any applicable additional restrictions and details about your loan. To receive any advertised product you must become a member of PenFed by opening a share (savings) account. Federally insured by the NCUA. We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.



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