

MORTGAGE LOAN INTEREST RATE MODIFICATION

American Airlines Federal Credit Union wants to be responsive to your needs. You may find yourself in a situation where changing your mortgage interest rate benefits your overall financial wellness.

Interest Rate Modification Costs

A modification fee will be charged each time an interest rate modification is performed. The fee is based on the loan type as set forth below. The current fee structure is as follows:

Desired Loan Type	Fee*
Fixed rate (Fixed to Fixed or ARM to Fixed)	1% of principal balance, \$500 Minimum fee, no maximum cap
Adjustable rate (ARM to ARM or Fixed to ARM)	0.5% of principal balance, \$500 Minimum fee, no maximum cap

*The fee schedule is subject to change without notice.

General Interest Rate Modification Guidelines

Whether you currently have a fixed-rate loan or an adjustable-rate loan, you may modify your interest rate to your choice of a fixed-rate or adjustable-rate program. Interest rate modifications will only be performed upon a member's request and according to the Credit Union's modification program policy in effect at the time of the request. Texas Home Equity loans may not be eligible for modification.

Frequently Asked Questions

Q: What will my new interest rate be?

A: Your interest rate will be the Credit Union's rate in effect for the mortgage loan program (i.e., adjustable rate or fixed rate) you choose on the date your modification request is received by the Credit Union, or the date your modification documents are sent to you (whichever is lower).

Q: How long does the modification process take?

A: This will depend on the volume constraints at the time of the request. However, the Credit Union strives to make modifications effective on the next regularly scheduled payment if your request is received during the first 10 calendar days of the month. Otherwise, they will take effect on the second regularly scheduled payment date after your request has been made.

Q: Can I buy down the interest rate to a level below the currently available base rate?

A: No. Discount points (fees paid in exchange for a rate reduction) are not permitted with interest rate modifications.

Q: Can I "roll in" my modification fee to the current balance of my loan?

A: The interest rate modification program is for current balance only. No additional amounts can be added to the loan in connection with an interest rate modification.

Q: Do I need a new appraisal?

A: No.

Q: Can I obtain an interest rate modification on a Home Equity loan?

A: Home Equity loans and Home Equity Lines of Credit (HELOCs) are not eligible for interest rate modifications.

Q: I have a Texas Home Equity first. If I can't modify the interest rate, what are my options?

A: You may refinance your mortgage. To apply for a loan, please contact a loan officer at (800) 533-0035, Ext. 4201, or visit HomeLoAAns.org.

Email the Mortgage Servicing department or call (800) 533-0035 to determine if your loan is eligible for an interest rate modification.

Definitions:

Interest Rate Modification – A mortgage loan interest rate modification is an agreement where the Credit Union and a member agree to change the interest rate of an existing mortgage loan. Upon entering into such an agreement, the Credit Union recalculates the monthly payment necessary to fully amortize (pay off) the remaining balance of the loan over the remaining loan term at the new interest rate.

Fixed Rate – An interest rate that is set at the beginning of the loan term and remains the same for the entire term of the loan. Fixed-rate programs are generally available for terms of 15 years and 30 years.

Adjustable Rate – An interest rate that can change from time to time over the term of the loan. The frequency of rate changes is different with each adjustable-rate mortgage program (often referred to as “ARM” programs). ARM loans are sometimes referred to as “1-year ARM, 2/2 ARM, 3/1 ARM” and so forth. For example, a “5/1 ARM” is an adjustable-rate loan with an interest rate that's fixed for the first five years of the loan term and then adjusts periodically thereafter.

Other Important Information

These interest rate modification program guidelines, including the fee schedule, are subject to change from time to time in American Airlines Credit Union's sole and absolute discretion without notice. The program guidelines are only applicable to “interest rate modifications” as set forth herein. The program guidelines as currently effective aren't, and shall not be construed as, a commitment to make a modification at any time in the future under the guidelines set forth herein, or as modified in the future. American Airlines Credit Union reserves the sole and absolute discretion to offer modifications, to change the modification program guidelines, and to refuse any modification request. Existing loans will only be considered for a modification if they are current, have not been delinquent during the 12 months prior to the modification request, and the member is in good standing with the Credit Union. If the current loan is a Refer with Caution (RWC), you're required to make 12 on-time payments prior to making a request for a loan interest rate modification.