

# ARM PROGRAM DISCLOSURE

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

## **HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED**

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
  - The interest rate will be based on:

(your index), plus our margin. Ask us for our current interest rate and margin.

- Information about the index rate can be found:

Your initial interest rate is not based on the index used to make later adjustments. Ask us for the current amount of our adjustable-rate mortgage discounts or premiums.

## **HOW YOUR INTEREST RATE CAN CHANGE**

- Your interest rate will not change for the first \_\_\_\_\_ months of your loan.
- After the first \_\_\_\_\_ months, your interest rate can change every \_\_\_\_\_ months.
- Each date on which your interest rate can change is called a "Change Date" and will be described in your loan documents.
- On each Change Date, your interest rate will equal the index plus the margin, rounded  up  down  up or down to the nearest \_\_\_\_\_ %, unless your interest rate "caps" or "floors" (described below) limit the amount of change in the interest rate.
- Your interest rate cannot increase more than \_\_\_\_\_ percentage points above the initial interest rate over the term of the loan.
- Your interest rate cannot decrease more than \_\_\_\_\_ percentage points below the initial interest rate over the term of the loan.
- On the first Change Date, your interest rate cannot increase more than \_\_\_\_\_ percentage points above, or decrease more than \_\_\_\_\_ percentage points below the initial interest rate.
- On the second Change Date and every Change Date thereafter, your interest rate cannot increase or decrease more than \_\_\_\_\_ percentage points.

## **HOW YOUR PAYMENT CAN CHANGE**

- Following the initial \_\_\_\_\_ months of your loan, your monthly payment can increase or decrease substantially every \_\_\_\_\_ months based on changes in the interest rate.
- Your new payment will be due beginning with the first payment due date after the Change Date on which the related interest rate change occurred, and will be your payment until the first payment due date after the next Change Date.
- For example, on a \$10,000, \_\_\_\_\_ -year term loan with an initial interest rate of \_\_\_\_\_ % (interest rate reflective of index plus margin) in effect on \_\_\_\_\_, the maximum amount that the interest rate can rise under this program is \_\_\_\_\_ percentage points to \_\_\_\_\_ % and the monthly payment can rise from a first year payment of \$ \_\_\_\_\_ to a maximum of \$ \_\_\_\_\_ in the \_\_\_\_\_ year. To see what your monthly payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by the resulting amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 times \$ \_\_\_\_\_ = \$ \_\_\_\_\_ per month.)
- You will be notified in writing at least \_\_\_\_\_ days, but not more than \_\_\_\_\_, days before the due date of a payment at a new level. This notice will contain information about the index and interest rates, payment amount, and loan balance.

## **OTHER INFORMATION**

- This obligation  does  does not have a demand feature.

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND.

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Applicant Date

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Applicant Date

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