

Changes to Your Mortgage Interest Rate and Payments on *(date)*

Under the terms of your Adjustable-Rate Mortgage (ARM), you had a *(duration)* period during which your interest rate stayed the same. That period ends on *(date)*, so on that date your interest rate and mortgage payment change. After that, your interest rate may change *(frequency)* for the rest of your loan term. [Also, as of *(date)* *(changes to loan terms, features or options)*.]

	Current Rate and <i>(frequency)</i> Payment	New Rate and <i>(frequency)</i> Payment
Interest Rate	___%	___%
[Principal]	[\$____]	[\$____]
[Interest]	[\$____]	[\$____]
[Escrow (Taxes and Insurance)]	[\$____]	[\$____]
Total <i>(frequency)</i> Payment	\$____	\$____ (due <i>(date)</i>)

Interest Rate: We calculated your interest rate by taking a published “index rate” and adding a certain number of percentage points, called the “margin.” Under your loan agreement, your index rate is *(index)* and your margin is ___%. The *(index)* is published *(frequency)* in *(source of information)*. [Description and amount of other adjustment(s) to the index].

Rate Limit[s]: [Your rate cannot go higher than ___% over the life of the loan.] [Your rate can change each year by no more than ___%.] [We did not include an additional ___% interest rate increase to your new rate because a rate limit applied. This additional increase may be applied to your interest rate when it adjusts again on *(date)*.]

New Interest Rate and Monthly Payment: The table above shows your new interest rate and new monthly payment. Your new payment is based on the *(index)*, your margin, [description of other adjustment(s) to the index,] your loan balance of \$____, and your remaining loan term of ___ months.

Interest-Only Payments: Your new payment will not cover any principal. Therefore, making this payment will not reduce your loan balance.]

Warning about Increase in Your Loan Balance: Your new payment covers only part of the interest and no principal. Therefore, the unpaid interest will add to the balance of the loan. [In order to fully pay off your loan by the end of the loan term at the new interest rate, you would have to pay \$____ per month.]]

Prepayment Penalty: [None] [Keep in mind that if you pay off your loan, refinance or sell your home before *(date)*, you could be charged a penalty. Contact *(mortgage company)* at *(telephone number)* [or *(email address)*] for more information, such as the maximum amount of the penalty you could be charged.]]