

H-4(D)(1) Model Form for § 1026.20(c)

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 (frequency) Payment	New Rate and (frequency) Payment
Interest Rate	____%	____%
[Principal]	[\$____]	[\$____]
[Interest]	[\$____]	[\$____]
[Escrow (Taxes and Insurance)]	[\$____]	[\$____]
Total (frequency) Payment	\$____	\$____ (due (date))

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.]]