

## H-4(D)(3) Model Form for § 1026.20(d)

(Date)

**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 may change. After that, your interest rate may change (frequency) for the rest of your loan term. Any change in your interest rate may also change your mortgage payment. [Also, as of (date) (change(s) to loan terms, features or options).]

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

**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 [our estimate of] your new interest rate and new monthly payment. These amounts are based on the (index) as of now, your margin, [description of other adjustment(s) to the index,] your loan balance of \$\_\_\_\_\_, and your remaining loan term of \_\_\_\_ months. [However, if the (index) has changed when we calculate the exact amount of your new interest rate and payment, your new interest rate and payment may be different from the estimate above. We will send you another notice with the exact amount of your new interest rate and payment 2 to 4 months before the first new payment is due, if your new payment will be different from your current payment.]

**[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 the telephone number [or (email address)] below for more information, such as the maximum amount of the penalty you could be charged.]]

**If You Anticipate Problems Making Your Payments:**

- Contact (mortgage company) at (telephone number) [or (email address)] as soon as possible.
- If you seek an alternative to the upcoming changes to your interest rate and payment, the following options **may** be possible (most are subject to lender approval):
  - Refinance your loan with us or another lender;
  - Sell your home and use the proceeds to pay off your current loan;
  - Modify your loan terms with us;
  - Payment forbearance temporarily gives you more time to pay your monthly payment.
- If you would like contact information for counseling agencies or programs in your area, call the U.S. Department of Housing and Urban Development (HUD) at (telephone number) or visit [(internet address of the U.S. Department of Housing and Urban Development counseling agency list) [or] [the U.S. Consumer Financial Protection Bureau (CFPB) at (internet address of the U.S. Consumer Financial Protection Bureau homeownership counselors and counseling organization list)]. If you would like contact information for a state housing finance agency, contact the U.S. Consumer Financial Protection Bureau (CFPB) at (internet address of U.S. Consumer Financial Protection Bureau state housing finance agency access list).