VARIABLE RATE MORTGAGE PROGRAM DISCLOSURE

(This is neither a contract nor a commitment to lend.)

Borrower(s):   Lender:

                                                 Loan Number:

VARIABLE RATE MORTGAGE PROGRAM: _____

This Variable Rate Mortgage Program Disclosure describes the features of the adjustable rate mortgage (ARM) you are considering. Information on other variable rate mortgage programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED

Your interest rate will be based on an index plus a margin.

This variable rate mortgage loan has a _____ feature, and your initial interest rate will not be based on the index used for later adjustments. Please ask about our current discount or premium amount.

This type of ARM loan carries a provision for a change in: Interest Rate   Monthly Payment   Loan Term

Your payment will be based on the interest rate, loan balance and loan term.

The index used to determine your initial interest rate and/or all adjustments is:

_____

_____

NOTE: if the index for your variable rate mortgage loan is no longer available, the Lender will choose a new index which is based on comparable information.

Ask for our current interest rate and margin.

HOW YOUR INTEREST RATE CAN CHANGE

Your interest rate can change _____, and every _____ thereafter. Your interest rate cannot increase more than _____ percentage point(s) at the initial adjustment.
Your interest rate cannot decrease more than _____ percentage point(s) at the initial adjustment.
Your interest rate cannot increase more than _____ percentage point(s) at each periodic adjustment.
Your interest rate cannot decrease more than _____ percentage point(s) at each periodic adjustment.
Your interest rate cannot increase more than _____ percentage point(s) over the term of the loan.
Your interest rate cannot decrease more than _____ percentage point(s) over the term of the loan.
Your interest rate will never be greater than _____ % or less than _____ % over the term of the loan.
Your interest rate will be rounded off to   the nearest   next highest   next lowest _____% at each adjustment.

This variable rate loan utilizes interest rate carryover.

EXAMPLE:

HOW YOUR PAYMENT CAN CHANGE

Your payment can change _____, and every_____ thereafter, based on changes in the interest rate.

Your payment will not increase more than _____ percentage point(s) or $ _____, at each adjustment.

You will be notified in writing _____ days before the due date of a payment at a new level. This notice will contain information about your interest rate, payment amount and loan balance.

EXAMPLE: On a $10,000, _____ year loan with an initial interest rate of _____ percent, (the rate shown in the interest rate column for the year _____), the maximum amount that the interest rate can rise under this program is _____ percentage points, to _____ %, and the _____ payment can rise from a first year payment of $_____ to a maximum of $_____ in the _____ year.

Any increase in interest will take the form of   a larger amount due at maturity   higher payment amount or more payments of the same amount.

This variable rate loan program has a negative amortization feature. An increase in your interest rate will result in your loan being negatively amortized, and the following will apply: _____

_____

_____

YOUR INTEREST RATE CONVERSION OPTION

This variable rate mortgage loan program has an option for you to convert your variable interest rate to a fixed interest rate. You should be aware that if you exercise this option, the interest rate may be increased from the variable rate you have been paying.
If you choose this conversion option, you may only convert if certain conditions are met. These conditions are:
1.
2.
3.
4.
5.

You may only convert to a fixed interest rate on _____, and only during the following time period: _____
_____
Your new fixed interest rate will be determined by: _____
_____
_____
_____

ADDITIONAL FEATURES OF YOUR VARIABLE RATE MORTAGE PROGRAM

Someone buying this property ____ cannot assume the remaining balance due under original mortgage terms ____ may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

This Variable Rate Mortgage Program Disclosure ____ does ____ does not have a Demand Feature

The Demand Feature is subject to the following: _____
_____
_____

Other additional features: _____
_____
_____
_____
_____

HISTORIC EXAMPLE

The example below shows how your payments would have changed under this variable rate mortgage program based on actual changes in the index from _____ to _____. This does not necessarily indicate how your index will change in the future.

The example is based on the following assumptions:

Amount	$10,000	Caps _____	periodic interest rate cap
Term	_____	_____	lifetime interest rate cap
Change Date	_____	_____	payment cap
Payment Adjustment	_____	Interest Rate Carryover _____	
Interest Adjustment	_____	Negative Amortization _____	
Margin*	_____	Interest Rate _____ **** _____	
		Index _____	
		_____	
		_____	

Year_____ (as of _____)	Index _ %	Margin_____ (percentage pts)	Interest Rate (%)	Monthly Payment ($)	Remaining Balance ($)

To see what your payments would have been during that period, divide your mortgage amount by $10,000; then multiply the _____ payment by that amount. (For example, in _____ the _____ payment for a mortgage amount of $_____ taken out in _____ would be $_____ ÷ $10,000 = _____ ; _____ x _____ = _____

        ∗   This is a margin we have used recently; your margin may be different.
    ∗∗   This interest rate reflects a _____ percentage point annual interest rate cap.
  ∗∗∗   This interest rate reflects a _____ percentage point lifetime interest rate cap.
∗∗∗∗   This is a discount we have used recently; your discount may be different.

I/We hereby acknowledge receipt of this Variable Rate Mortgage Program Disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgage on the date indicated below.

_____   _____
Borrower   Date

_____   _____
Borrower   Date