

Date: [Date]

Loan Number: [Loan Number]

Property Address: [Property Address]

ADJUSTABLE-RATE MORTGAGE (ARM) DISCLOSURE

Truth in Lending Act (TILA) Statement

This disclosure describes the features of the Adjustable-Rate Mortgage (ARM) program you are considering. Your actual loan terms will be provided in your Loan Estimate and Closing Disclosure.

1. How Your Interest Rate and Payment Are Determined

Your interest rate will be based on an index plus a margin. As the index changes, your interest rate and monthly payment may change.

- **Index:** [Name of Index, e.g., 30-Day Average SOFR]
- **Margin:** [Margin Amount, e.g., 2.25%]

2. How Your Interest Rate Can Change

- Your interest rate will remain fixed for the first [Number] months.
- After that, your interest rate can change every [Number] months.
- Your interest rate cannot increase or decrease more than [Percentage]% at the first adjustment.
- Subsequent adjustments cannot exceed [Percentage]% per adjustment.
- Your interest rate will never be higher than [Lifetime Cap]% or lower than [Floor Rate]%.

3. How Your Monthly Payment Can Change

Your monthly payment can increase or decrease substantially based on changes in the interest rate. You will be notified in writing at least 210 days (but no more than 240 days) before the first payment at a new level is due, and at least 60 days before any subsequent payment changes.

4. Example of a Maximum Payment

On a \$[Loan Amount] loan with an initial interest rate of [Initial Rate]%, the maximum interest rate allowed under this program is [Lifetime Cap]%. At that rate, the monthly principal and

interest payment would increase from \$[Initial Payment] to a maximum of \$[Maximum Payment] starting in the [Month Number] month.

5. Prepayment Penalty

[This loan does not have a prepayment penalty / This loan has a prepayment penalty of \$Amount if paid off within the first X years].

6. Demand Feature

[This loan has a demand feature / This loan does not have a demand feature].

Acknowledgment:

By signing below, I/we acknowledge receipt of this Adjustable-Rate Mortgage Disclosure and the booklet "Consumer Handbook on Adjustable-Rate Mortgages (CHARM Booklet)."

Borrower Signature / Date

Co-Borrower Signature / Date