

[Company Name]
[Company Address]
[City, State, Zip Code]
[Phone Number]

[Date]

[Borrower Name]
[Borrower Address]
[City, State, Zip Code]

Subject: Notice of Interest Rate and Payment Adjustment

Account Number: [Loan Account Number]

Dear [Borrower Name],

This letter is to formally notify you that, in accordance with the terms of your adjustable-rate mortgage (ARM) agreement, the interest rate on your loan is scheduled to change.

Adjustment Details:

- **Current Interest Rate:** [Current Rate]%
- **New Interest Rate:** [New Rate]%
- **Effective Date of New Rate:** [Date]

Payment Details:

- **Current Monthly Payment:** \$[Current Amount]
- **New Monthly Payment:** \$[New Amount]
- **Date New Payment is Due:** [Date]

This adjustment is based on the [Name of Index, e.g., SOFR/LIBOR] plus your margin of [Margin Percentage]%. Your new monthly payment includes principal and interest [and escrow, if applicable].

Please update your records and adjust any automatic bill payments accordingly to ensure your account remains current.

If you have any questions regarding this change or wish to discuss refinancing options, please contact our Customer Service Department at [Phone Number] or visit our website at [Website URL].

Sincerely,

[Sender Name/Department]
[Company Name]