

**Date:** [Current Date]

**Borrower(s):** [Borrower Name(s)]

**Property Address:** [Property Address, City, State, Zip]

**Loan Number:** [Loan Number]

Dear [Borrower Name(s)],

We are pleased to inform you that [Lending Institution Name] has conditionally approved your application for an Adjustable-Rate Mortgage (ARM). This commitment is subject to the terms and conditions outlined below:

## 1. Loan Terms

- **Loan Amount:** \$[Amount]
- **Initial Interest Rate:** [Percentage]%
- **Initial Period:** [Number of Years/Months]
- **Adjustment Index:** [Index Name, e.g., SOFR]
- **Margin:** [Percentage]%
- **Rate Caps:** [Initial]/[Periodic]/[Lifetime]
- **Loan Term:** [Number of Years]

## 2. Interest Rate Notice

Please be advised that the interest rate for this loan is adjustable. This means your interest rate and monthly payment may increase or decrease after the initial period based on market fluctuations. Your maximum potential interest rate is capped at [Lifetime Cap]%.

## 3. Conditions for Final Approval

This commitment is valid until [Expiration Date] and is contingent upon the satisfaction of the following requirements:

- Satisfactory property appraisal confirming a value of at least \$[Amount].
- Verification of current employment and updated pay stubs prior to closing.
- Proof of homeowners insurance policy with [Lending Institution Name] listed as loss payee.
- Clear title report and title insurance policy.
- [Additional Condition 1]
- [Additional Condition 2]

## 4. Next Steps

To proceed, please sign and return a copy of this letter along with the requested documentation by [Deadline Date]. Once all conditions are met, we will schedule your loan closing.

Sincerely,

[Loan Officer Name]

[Title]

[Lending Institution Name]

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**Acknowledgment**

I/We, the undersigned, accept the terms of this Conditional Commitment Letter and understand the nature of the Adjustable-Rate Mortgage.

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date