

H-19(H) Adjustable-Rate Mortgage with Interest Only Sample

Jane Smith
1234 Main Street
Anytown, ST 12345

February 26, 2009
XXX Bank
Loan Officer No. 12345-1234

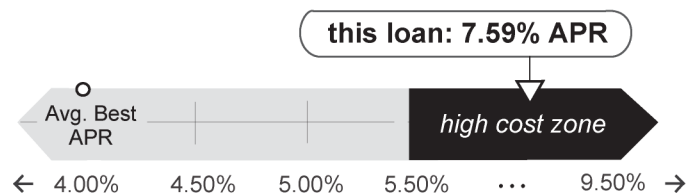
LOAN SUMMARY

Loan Amount:	\$200,000.00
Loan Term:	30 years
Loan Type and Features:	Adjustable Rate Mortgage: rate is fixed for first 5 years, then adjusts every year. <ul style="list-style-type: none"> includes interest-only payments
Total Settlement Charges:	\$8,625.00 <ul style="list-style-type: none"> \$2,000.00 of these charges are already included in your loan amount above. This total does not include a down payment. See your Good Faith Estimate or HUD-1 for details.
Prepayment Penalty:	Up to \$4,000.00 if you pay off your loan, refinance, or sell this property within 2 years.

ANNUAL PERCENTAGE RATE (APR)

Overall cost of this loan, including interest and settlement charges:

7.59% APR



How does this loan compare? For the week of February 23, 2009, the average APR on similar conforming loans offered to applicants with excellent credit was **4.00%**. Today, an APR of **5.50%** or above is considered high cost and is usually available to applicants with poor credit history.

How much could I save by lowering my APR? For this loan, a 1% reduction in the APR could save you an average of **\$133 each month**.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY Rate & Monthly Payment (for first 5 years)	MAXIMUM at FIRST ADJUSTMENT (April 2014)	MAXIMUM EVER (as early as 2016)
Interest Rate	6.875%	8.875%	12.875%
Principal Payment	-none-	\$182.14	\$116.64
Interest Payment	\$1,145.83	\$1,479.17	\$2,101.91
Est. Taxes + Insurance (Escrow) • Includes Private Mortgage Insurance	\$332.00	\$332.00	\$297.00
Total Est. Monthly Payment	\$1,477.83	\$1,993.31	\$2,515.55

Introductory Rate Notice

You have a discounted introductory rate of **6.875%** that ends after 5 years. In the sixth year, even if market rates do not change, this rate will increase to **7.00%**.

KEY QUESTIONS ABOUT RISK

Can my interest rate increase?	YES. Your interest rate can increase annually beginning in April 2014.
Can my monthly payment increase?	YES. Your payment can increase beginning in April 2014.
Will any of my monthly payments be interest-only?	YES. Your monthly payments for the first 5 years of the loan cover the interest you owe each month, but none of the principal. Making these monthly payments means your loan amount will stay the same and you will be no closer to having it paid off.
Could I owe a prepayment penalty?	YES. If you pay off your loan, refinance, or sell your home within 2 years you could pay a penalty of up to \$4,000 .

MORE INFORMATION ABOUT YOUR PAYMENTS

Rate Calculation	When the 5-year introductory period ends, your rate will be determined annually based on the one-year LIBOR index (the market rate) plus 5.00%.
Rate Change Limits	When the 5-year introductory period ends, your interest rate can increase up to 2.00% from one year to the next, and no more than 6.00% total for the life of the loan, which would result in a maximum ever rate of 12.875%.
Escrow	An escrow account is required for property taxes and insurance (such as homeowner's insurance). Your escrow payment is an estimate and can change at any time. See your Good Faith Estimate or HUD-1 form for more details.
Private Mortgage Insurance	Private Mortgage Insurance (PMI) is required for this loan. It is included in your escrow.
Total Payments	If the market rate did not change and you made all payments as scheduled, you would make 360 payments totaling \$589,385.69, including estimated escrow. Of this amount, \$307,935.69 would go to interest and settlement charges. This amount, and your amount financed of \$193,250.00, are used to calculate your APR.

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- ➔ **You have no obligation to accept this loan.** Your signature below only confirms that you have received this form.
 - ➔ **If you are unable to make the payments on this loan, you could lose your home.** There is no guarantee that you will be able to refinance to lower your rate and payments.
 - ➔ **If you do not understand any part of this form, ask questions.** For more information, go to www.xxx.gov.

Applicant's Signature

Date