

H-19(I) Adjustable-Rate Mortgage with Payment Option Sample

Jane Smith
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Anytown, ST 12345

February 4, 2009
XXX Bank
Loan Officer No. 12345-1234

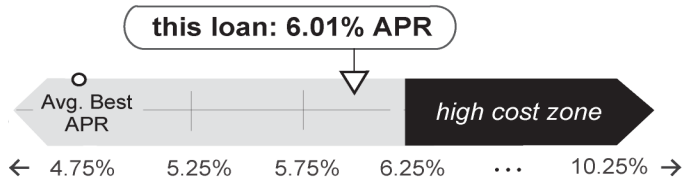
LOAN SUMMARY

Loan Amount:	\$200,000.00
Loan Term:	30 years
Loan Type and Features:	Adjustable Rate Mortgage: rate is fixed for the first month, then adjusts every month. <ul style="list-style-type: none"> includes Payment Options
Total Settlement Charges:	\$7,426.00 <ul style="list-style-type: none"> \$1,000.00 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.

ANNUAL PERCENTAGE RATE (APR)

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

6.01% APR



How does this loan compare? For the week of February 2, 2009, the average APR on similar conforming loans offered to applicants with excellent credit was **4.75%**. Today, an APR of **6.25%** 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 **\$142 each month**.

INTEREST RATE AND PAYMENT SUMMARY

This loan offers you several monthly payment options. The table below shows you what your payments would be under two of these options **if the interest rate reached its maximum of 10.5%** in the second month of this loan.

All payments shown in the table include **\$280** for estimated taxes and insurance (escrow).

	March 2009 (1 month intro)	April 2009 (1st adjustment)	March 2010 (2nd adjustment)	June 2011 + every month after
Maximum Interest Rate	1.5% (intro rate)	10.5%	10.5%	10.5% (max. ever)
Full Payment Option <i>Monthly payments cover all principal and interest.</i>	\$970.24	\$2,106.18	\$2,106.18	\$2,106.18
Minimum Payment Option <i>Initial monthly payments cover no principal and only some interest and increase your loan amount.</i>	\$970.24	\$970.24	\$1,022.01	\$2,402.54

You will borrow an additional **\$29,242.91** by June 2011 if you make only minimum payments on this loan.

KEY QUESTIONS ABOUT RISK

Can my interest rate increase?	YES. Your interest rate can increase monthly beginning in April 2009.
Can my monthly payment increase?	YES. Your full payment can increase beginning in April 2009. Your minimum payment can increase beginning in March 2010.
Will any of my monthly payments be interest-only?	YES. This loan gives you the choice to make monthly payments that 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.
Even if I make my monthly payments, could my loan balance increase?	YES. Your minimum payment covers only part of the interest you owe each month and none of the principal. The unpaid interest will be added to your loan amount, which over time will increase the total amount you are borrowing and cause you to lose equity in your home.
Could I owe a prepayment penalty?	No.

MORE INFORMATION ABOUT YOUR PAYMENTS

Rate Calculation	When the 1-month introductory period ends, your rate will be determined monthly based on the one-year LIBOR index (the market rate) plus 3.75%.
Rate Change Limits	When the 1-month introductory period ends, your interest rate can increase up to a maximum of 10.5% for the life of the loan.
Payment Change Limits	Your minimum payments due cannot increase more than 7.5% each year until the total loan amount has increased by 15%. When this happens, you must make full monthly payments that cover all principal and interest owed on the loan.
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.
Total Payments	If the market rate did not change and you made all payments as scheduled, you would make 360 payments totaling \$545,943.97, including estimated escrow. Of this amount, \$251,893.97 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 borrow more than your home is worth, the interest on the extra amount may not be deductible for Federal income tax purposes. Consult a tax advisor to find out whether the interest you pay is deductible.
 - ➔ **If you do not understand any part of this form, ask questions.** For more information, go to www.xxx.gov.

Applicant's Signature

Date