

## 30 YR 2/6 ARM DISCLOSURE

Borrower(s) \_\_\_\_\_

Property: \_\_\_\_\_  
\_\_\_\_\_

### **New Point Lending, LLC. Disclosure to Borrower 30 Yr 2/6 Adjustable Rate Mortgage/No Conversion, 30 Year Amortization**

This disclosure describes the features of the Adjustable Rate Mortgage (ARM) program you are considering.

#### **How Your Interest Rate and P&I are Determined**

Your interest rate will be based on an index rate plus a margin.

Your principal and interest payment will be based on the interest rate, loan balance and loan term.

The interest rate will be based on the Prime Rate as published in *Financial Forecast Center for the 30 Year U.S. Treasury Bond - TBond*. Your interest rate will equal the index rate plus our margin, rounded to the nearest one-eighth of one percent, unless your interest rate “caps” limit the amount of change in the interest rate. The most recently available Index figure as of the date 45 days before each interest change date will be used to calculate changes in the interest rate. Another Index may be substituted if this Index ceases to be publicly announced.

#### **How Your Interest Rate Can Change**

Your interest rate can change every 6 months after the first interest rate change date. Your first interest rate change date will be on the first day of the month that is 24 months after the month in which your first principal and interest payment is due.

Your interest rate cannot increase or decrease more than 5 percentage points at each rate change.

Your interest rate cannot increase more than 5 percentage points over the term of the loan.

#### **How Your Payments Can Change**

Your payment can increase or decrease substantially. The principal and interest (P&I) portion of your payment can change with each interest rate change, based on changes in the interest rate and loan balance. Your first principal and interest payment change will be effective on the first day of the month that is 24 months after the month in which your first principal and interest payment is due.

You will be notified in writing at least 25 days before the due date of a payment at a new amount. This notice will contain information about your interest rates, payment amount and loan balance.

In addition to the P&I payment change, the escrow portion of your payment (if applicable) can change each year. You will be notified in writing of any escrow payment changes. This means that you could receive up to four payment changes annually, at different times of the year.

#### **EXAMPLES**

On a \$10,000 thirty-year loan with an initial interest rate of 11.5 percent, the maximum amount the interest rate can raise under this program is to 16.5 percent, and the monthly interest portion of your payment can raise from an initial payment of \$95.83 to a maximum of \$137.50. To see what your payment would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$95.83 = \$574.98$  per month.)

#### **NOTE:**

This disclosure is not a contract between you and the lender, and it is not a commitment or agreement by the lender to make a loan to you. The purpose of this disclosure is solely to provide you with a general description of certain loan provisions. Please read all loan documents and disclosures carefully for additional information on these subjects and other important information regarding this proposed transaction.

\_\_\_\_\_  
Borrower:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower:

\_\_\_\_\_  
Date