



ADJUSTABLE RATE MORTGAGE (ARM) DISCLOSURE WORKSHEET

Prepared by: Agent _____ Phone _____
Broker _____ Email _____

NOTE: This form is used by a buyer, owner or their agent as a checklist when locating the most advantageous adjustable rate mortgage (ARM) financing available for funding the purchase or refinance of a property to interview several mortgage lenders and note the terms they offer on an ARM for later comparison.

DATE: _____, 20____, at _____, California.

Items left blank or unchecked are not applicable.

FACTS:

This ARM worksheet discloses the terms of a loan plan entitled: _____
from _____ (Lender) by _____ (Loan Officer)
for property referred to as: _____

INTEREST RATE:

1. The Note Rate of interest for this loan is comprised of a percentage figure from the selected rate index and the life-of-loan percentage margin agreed to. When the rate index figure changes prior to a scheduled adjustment in the note rate, the change will be reflected in an increase or decrease in the note rate on your loan.
2. The Note Rate is adjusted each _____ month(s) with the first adjustment _____.
 - 2.1 Each Note Rate adjustment is unrestricted, or capped to increase no more than _____% or decrease no more than _____%.
 - 2.2 During the life of the loan, the interest rate will not exceed _____% (the Note Ceiling Rate) and will not be less than _____% on your loan.
3. The initial interest rate is 1% and is not based on a rate index figure or the lender's margin rate for this loan.
 - 3.1 The initial interest rate is in effect for a period of _____ month(s).
4. *Note rate* for this loan is calculated as follows: (index + margin = Note Rate)
 - 4.1 Rate index name _____
 - 4.2 Rate index percentage figure (current) _____%
 - 4.3 Percentage margin offered by lender (constant) (+) _____%
 - 4.4 **Note Rate** of interest (current) (=) _____%
 - 4.5 The Note Rate will be adjusted if a change occurs in the rate index figure (§4.2 above).

PAYMENT SCHEDULES:

5. Full amortization at all times during the life of the loan is a feature of this loan.
 - 5.1 The life of this loan is for a term of _____ years.
 - 5.2 Monthly payment due during the initial _____ month(s) of the loan will be \$_____.
 - 5.3 The amount of the monthly payment will be adjusted each _____ month(s) during the life of this loan.
 - 5.4 The first adjustment in the amount of the monthly payment will occur _____.
 - 5.5 The amount of the monthly payment at the Current Note Rate (§4.4 above) of _____% would be \$_____.
 - 5.6 The amount of the monthly payment at the Note Ceiling Rate (§2.2 above) of _____% would be \$_____.
 - 5.7 The amount of the monthly payment on a 15 year amortization payment schedule at the Note Ceiling Rate (§2.2 above) would be \$_____.

6. Interest only payments are a feature of this loan. This interest only payment schedule feature avoids any build up in principal through negative amortization.

6.1 The amount of the monthly payments on this loan will be adjusted each _____ month(s) during the _____ year life of the loan, with the first adjustment to occur _____.

6.2 Interest-only payments may be made on this loan during the initial _____ month(s) of the loan's _____ year term.

6.3 Following the interest-only payment period, the principal balance of the loan will be amortized over the remaining _____ years of its term.

6.4 Monthly payments at the Note Ceiling Rate (§2.2 above) of _____% would be \$_____.

7. Build up of the principal amount borrowed is a feature of this loan. Minimum monthly payments prior to resetting the payment schedule to fully amortize the loan over its remaining life leaves accrued interest unpaid which is added monthly to principal increasing the loan balance upon which interest thereafter accrues.

7.1 The amount of the monthly payment is adjusted each _____ month(s) with the first adjustment on _____, unless the principal balance of the loan previously reached _____% of the loan's original principal amount and reset the amount of the payments.

7.2 Increases in the amount of the monthly payment are unrestricted, or capped to increase no more than _____% each _____ months, until _____, or the month the principal balance of the loan reaches _____% of the loan's original principal amount, when the monthly payments reset to fully amortize the loan over its remaining term.

7.3 The minimum amount of the initial monthly payment for this loan is \$_____ payable until the first adjustment in payments.

7.4 The amount of the monthly payment you would be required to pay to amortize this loan over 27 years at the Note Ceiling Rate (§2.2 above) of _____% when the principal balance reaches _____% of the original loan amount would be \$_____.

a. The amount of the monthly payment required to amortize a loan balance of _____% of the original loan amount over 27 years at the Current Note Rate (§4.4 above) of _____% would be \$_____.

8. LOAN ASSUMABILITY:

8.1. A due-on-sale clause does, or does not, exist in the trust deed.

8.2 Conditions for consent to an assumption on a resale:

9. PREPAYMENT PENALTY:

9.1 A prepayment penalty does, or does not, exist.

9.2 If a prepayment penalty exists, for what period does it apply? _____

9.3 The amount of the prepayment penalty may not exceed six months interest at the Note Rate on the sum of the remaining loan balance less 20% of the original note amount on any payoff within the first five years, or _____.

10. CONVERTIBLE TO A FIXED RATE:

- 10.1 The loan does, or does not, provide for convertibility to a fixed rate loan at the borrower's election.
- 10.2 If convertibility exists, during what period after origination may the loan be converted? _____
 - a. What rate index is used to calculate the fixed rate? _____(name)
 - b. What is the amount of the margin used to calculate the Note Rate on conversion? _____
 - c. Are there points? _____; fees? _____; or other charges on conversion? _____

11. Borrower's future monthly salary expectation:

- 11.1 first year: \$_____ monthly amount.
- 11.2 second year: \$_____ monthly amount.
- 11.3 third year: \$_____ monthly amount.

12. A copy of the proposed note is attached.

I have reviewed the loan terms and probable consequences with the buyer.

BUYER'S AGENT: _____

CalBRE #: _____

By: _____

Phone: _____

Cell: _____

Fax: _____

LOAN OFFICER: _____

By: _____

Phone: _____

Cell: _____

Fax: _____

I have received a copy of this disclosure worksheet and have reviewed and understand the terms of this loan.

Date: _____, 20_____

Buyer's/Owner's Name: _____

Buyer/Owner: _____

Buyer/Owner: _____