

# Adjustable Loan Terms Explanation

Date: [Insert Date]

Dear [Borrower's Name],

We hope this message finds you well. We would like to take this opportunity to explain the adjustable terms of your loan agreement with us.

Your loan is categorized as an adjustable-rate mortgage (ARM), which means that the interest rate may change periodically based on market conditions. The initial rate is fixed for [X years], after which it will adjust according to the [specific index] plus a margin of [X%].

Please note the following key features of your adjustable loan:

- **Initial Rate Period:** The interest rate will remain constant for the first [X years].
- **Adjustment Period:** After the initial period, the rate will adjust every [X months/years].
- **Rate Caps:** The maximum increase per adjustment period is [X%], and the lifetime cap is set at [X%].
- **Index and Margin:** The adjustments will be based on the [specific index] plus a [X%] margin.

We recommend reviewing your loan documents carefully and contacting our office should you have any questions regarding the terms or your payment schedule.

Thank you for your attention to this matter. We are here to support you throughout the duration of your loan.

Sincerely,

[Your Name]

[Your Position]

[Company Name]

[Contact Information]