

ARMS Loan Terms and Conditions

Dear [Borrower's Name],

Thank you for choosing [Lender's Name] for your financing needs. Below are the terms and conditions of your Adjustable Rate Mortgage (ARMS) loan:

1. Loan Amount

Your loan amount is \$[Loan Amount].

2. Interest Rate

The initial interest rate is [Initial Rate]% for the first [Initial Period] years. After this period, the interest rate will adjust annually based on the [Index Type] plus a margin of [Margin Rate]%.

3. Adjustment Period

Interest rate adjustments will occur every [Adjustment Period] months/years after the initial period.

4. Payment Schedule

Your monthly payment for the first [Initial Period] years will be \$[Monthly Payment]. Following the initial period, your payment may increase or decrease depending on the interest rate adjustments.

5. Prepayment Penalty

There is a prepayment penalty of [Penalty Amount] if the loan is paid off within the first [Penalty Period] months/years.

6. Additional Fees

Additional fees may include [List any additional fees such as closing costs, insurance, etc.].

By signing this loan agreement, you acknowledge that you have read, understood, and agreed to the terms and conditions outlined above.

Sincerely,

[Lender's Name]

[Lender's Contact Information]