

## H-19(F) Step-Payment Mortgage Sample

Jane Smith  
1234 Main Street,  
Anytown, ST 12345

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

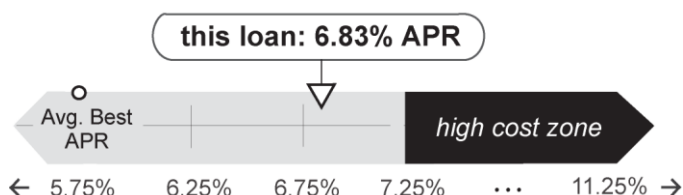
### LOAN SUMMARY

Loan Amount:	<b>\$200,000.00</b>
Loan Term:	<b>30 years</b>
Loan Type and Features:	<b>Fixed Rate Mortgage</b> <ul style="list-style-type: none"> <li>• Includes Step-Payments</li> <li>• Includes Negative Amortization</li> </ul>
Total Settlement Charges:	<b>\$8,010.00</b> <ul style="list-style-type: none"> <li>• This total does not include a down payment. See your Good Faith Estimate or HUD-1 for details.</li> </ul>

### ANNUAL PERCENTAGE RATE (APR)

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

6.83% 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 **5.75%**. Today, an APR of **7.25%** 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 **\$138 each month**.

### INTEREST RATE AND PAYMENT SUMMARY

All payments shown in the table include **\$305** for estimated taxes and insurance (escrow).

	March 2009	March 2010 (1st adjustment)	March 2011 (2nd adjustment)	March 2017 + every month after
Interest Rate	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>
<b>Minimum Payment</b> <i>Initial monthly payments cover no principal and only some interest and increase your loan amount.</i>	\$1,318.37	\$1,358.90	\$1,401.06	\$1,669.69

*You will borrow an additional **\$1,286.87** by February 2011 if you make only minimum payments on this loan.*

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## KEY QUESTIONS ABOUT RISK

Can my interest rate increase?	No.
Can my monthly payment increase?	<b>YES.</b> Your payment can increase beginning in March 2010.
Even if I make my monthly payments, could my loan balance increase?	<b>YES.</b> Your minimum payment covers only part of the interest you owe each month and <b>none</b> 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.

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## MORE INFORMATION ABOUT YOUR PAYMENTS

<b>Payment Change Limits</b>	Your minimum payments due will increase 4% each year for the first 7 years. Beginning in year 8, you must make full monthly payments that cover all principal and interest owed on the loan.
<b>Escrow</b>	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.
<b>Total Payments</b>	If you made all payments as scheduled, you would make 360 payments totaling \$582,126.45, including estimated escrow. Of this amount, \$279,444.45 would go to interest and settlement charges. This amount, and your amount financed of \$192,882, 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](http://www.xxx.gov).

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Applicant's Signature

Date