

Federal Reserve System

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over your limit, such as if you are past due or significantly over your credit limit.

If you want over-the-limit coverage and to allow us to authorize transactions that go over your credit limit, please:

- Call us at [telephone number];
- Visit [Web site]; or
- Check or initial the box below, and return the form to us at [address].

I want over-the-limit coverage. I understand that if I go over my credit limit, my APRs may be increased and I will be charged a fee of up to \$35. [I have the right to cancel this coverage at any time.]

I do not want over-the-limit coverage. I understand that transactions that exceed my credit limit will not be authorized.]

Printed Name: _____

Date: _____

[Account Number]: _____

G-25(B)—Revocation Notice for Periodic Statement Regarding Over-the-Credit Limit Transactions

You currently have over-the-credit limit coverage on your account, which means that we pay transactions that cause you to go over your credit limit. If you do go over your credit limit, we will charge you a fee of up to \$35. We may also increase your APRs. To remove over-the-credit-limit coverage from your account, call us at 1-800-xxxxxxx or visit [insert web site]. [You may also write us at: [insert address].]

[You may also check or initial the box below and return this form to us at: [insert address].]

I want to cancel over-the-limit coverage for my account.

Printed Name: _____

Date: _____

[Account Number]: _____

[Reg. Z, 46 FR 20892, Apr. 7, 1981, as amended at 46 FR 60191, Dec. 9, 1981; 54 FR 13868, Apr. 6, 1989; 54 FR 24689, June 9, 1989; 55 FR 38312, Sept. 18, 1990; 65 FR 58908, Oct. 3, 2000; 75 FR 7825, Feb. 22, 2010; 75 FR 37573, June 26, 2010]

APPENDIX H TO PART 226—CLOSED-END MODEL FORMS AND CLAUSES

- H-1 Credit Sale Model Form (§226.18)
- H-2 Loan Model Form (§226.18)
- H-3 Amount Financed Itemization Model Form (§226.18(c))
- H-4(A) Variable-Rate Model Clauses (§226.18(f)(1))
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- H-4(C) Variable-Rate Model Clauses (§226.19(b))
- H-4(D) Variable-Rate Model Clauses (§226.20(c))
- H-4(E)—Fixed-Rate Mortgage Interest Rate and Payment Summary Model Clause (§226.18(s))
- H-4(F)—Adjustable-Rate Mortgage or Step-Rate Mortgage Interest Rate and Payment Summary Model Clause (§226.18(s))
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- H-4(I)—Adjustable-Rate Mortgage Introductory Rate Disclosure Model Clause (§226.18(s)(2)(iii))
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- H-4(K)—No Guarantee to Refinance Statement Model Clause (§226.18(t))
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- H-15 Graduated-Payment Mortgage Sample
- H-16 Mortgage Sample
- H-17(A) Debt Suspension Model Clause
- H-17(B) Debt Suspension Sample

H-1—Credit Sale Model Form

| | | | | |
|--|---|--|---|---|
| ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. <p style="text-align: center;">%</p> | FINANCE CHARGE The dollar amount the credit will cost you. <p style="text-align: center;">\$</p> | Amount Financed The amount of credit provided to you or on your behalf. <p style="text-align: center;">\$</p> | Total of Payments The amount you will have paid after you have made all payments as scheduled. <p style="text-align: center;">\$</p> | Total Sale Price The total cost of your purchase on credit, including your downpayment of \$ _____ <p style="text-align: center;">\$</p> |
|--|---|--|---|---|

You have the right to receive at this time an itemization of the Amount Financed.
 I want an itemization. I do not want an itemization.

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|--------------------|-----------------------|
| | | |
| | | |

Insurance
 Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

| Type | Premium | Signature |
|----------------------------|---------|---|
| Credit Life | | I want credit life insurance. _____ Signature |
| Credit Disability | | I want credit disability insurance. _____ Signature |
| Credit Life and Disability | | I want credit life and disability insurance. _____ Signature |

You may obtain property insurance from anyone you want that is acceptable to _____ (creditor). If you get the insurance from _____ (creditor), you will pay \$ _____.

Security: You are giving a security interest in:
 the goods or property being purchased.
 (brief description of other property).

Filing fees \$ _____ Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$ _____ / _____ % of the payment.

Prepayment: If you pay off early, you
 may will not have to pay a penalty.
 may will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ e means an estimate

H-2—Loan Model Form

| | | | |
|---|--|---|--|
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <p style="text-align: center;">%</p> | FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> <p style="text-align: center;">\$</p> | Amount Financed <small>The amount of credit provided to you or on your behalf.</small> <p style="text-align: center;">\$</p> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> <p style="text-align: center;">\$</p> |
|---|--|---|--|

You have the right to receive at this time an itemization of the Amount Financed.
 I want an itemization. I do not want an itemization.

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|--------------------|-----------------------|
| | | |
| | | |

Insurance
 Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

| Type | Premium | Signature |
|----------------------------|---------|---|
| Credit Life | | I want credit life insurance. _____ Signature |
| Credit Disability | | I want credit disability insurance. _____ Signature |
| Credit Life and Disability | | I want credit life and disability insurance. _____ Signature |

You may obtain property insurance from anyone you want that is acceptable to _____ (creditor). If you get the insurance from _____ (creditor), you will pay \$_____.

Security: You are giving a security interest in:
 the goods or property being purchased.
 (brief description of other property): _____

Filing fees \$ _____ Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$ _____ / _____ % of the payment.

Prepayment: If you pay off early, you
 may will not have to pay a penalty.
 may will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ e means an estimate

H-3—Amount Financed Itemization Model Form

Itemization of the Amount Financed of \$ _____

\$ _____ Amount given to you directly

\$ _____ Amount paid on your account

Amount paid to others on your behalf

\$ _____ to [public officials] [credit bureau] [appraiser] [insurance company]

\$ _____ to (name of another creditor)

\$ _____ to (other)

\$ _____ Prepaid finance charge

H-4(A)—Variable-Rate Model Clauses

The annual percentage rate may increase during the term of this transaction if:

- [the prime interest rate of (creditor) increases.]
- [the balance in your deposit account falls below \$_____.]
- [you terminate your employment with (employer) .]

- [The interest rate will not increase above _____%.]
- [The maximum interest rate increase at one time will be _____%.]
- [The rate will not increase more than once every (time period) .]

Any increase will take the form of:

- [higher payment amounts.]
- [more payments of the same amount.]
- [a larger amount due at maturity.]

Example based on the specific transaction

[If the interest rate increases by _____% in (time period),
 [your regular payments will increase to \$_____.]
 [you will have to make _____ additional payments.]
 [your final payment will increase to \$_____.]]

Example based on a typical transaction

[If your loan were for \$_____ at _____% for (term) and the rate increased to _____% in (time period),
 [your regular payments would increase by \$_____.]
 [you would have to make _____ additional payments.]
 [your final payment would increase by \$_____.]]

H-4(B)—Variable-Rate Model Clauses

Your loan contains a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.

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H-4(C)—Variable-Rate Model Clauses

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on [an index plus a margin] [a formula].
- Your payment will be based on the interest rate, loan balance, and loan term.
- [The interest rate will be based on (identification of index) plus our margin. Ask for our current interest rate and margin.]
- [The interest rate will be based on (identification of formula). Ask us for our current interest rate.]
- Information about the index [formula for rate adjustments] is published [can be found] _____.
- [The initial interest rate is not based on the (index) (formula) used to make later adjustments. Ask us for the amount of current interest rate discounts.]

How Your Interest Rate Can Change

- Your interest rate can change (frequency).
- [Your interest rate cannot increase or decrease more than _____ percentage points at each adjustment.]
- Your interest rate cannot increase [or decrease] more than _____ percentage points over the term of the loan.

How Your Payment Can Change

- Your payment can change (frequency) based on changes in the interest rate.
- [Your payment cannot increase more than (amount or percentage) at each adjustment.]
- You will be notified in writing _____ days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount, and loan balance.
- [You will be notified once each year during which interest rate adjustments, but no payment adjustments, have been made to your loan. This notice will contain information about your interest rates, payment amount, and loan balance.]
- [For example, on a \$10,000 [term] loan with an initial interest rate of _____ [(the rate shown in the interest rate column below for the year 19 _____)] [(in effect (month) (year)], the maximum amount that the interest rate can rise under this program is _____ percentage points, to _____%, and the monthly payment can rise from a first-

year payment of \$ _____ to a maximum of \$ _____ in the _____ year. To see what your payments 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 ÷ \$10,000 = 6; 6 × _____ = \$ _____ per month.)]

[Example

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1982 to 1996. This does not necessarily indicate how your index will change in the future.

The example is based on the following assumptions:

- Amount \$10,000
- Term
- Change date
- Payment adjustment (frequency)
- Interest adjustment (frequency)
- [Margin]*
- Caps _____ [periodic interest rate cap]
- _____ [lifetime interest rate cap]
- _____ [payment cap]
- [Interest rate carryover]
- [Negative amortization]
- [Interest rate discount]**
- Index.....(identification of index or formula)

*This is a margin we have used recently, your margin may be different.
 **This is the amount of a discount we have provided recently; your loan may be discounted by a different amount.]

| Year | Index (%) | Margin (Percentage points) | Interest Rate (%) | Monthly Payment (\$) | Remaining Balance (\$) |
|------|-----------|----------------------------|-------------------|----------------------|------------------------|
| 1982 | | | | | |
| 1983 | | | | | |
| 1984 | | | | | |
| 1985 | | | | | |
| 1986 | | | | | |
| 1987 | | | | | |
| 1988 | | | | | |
| 1989 | | | | | |
| 1990 | | | | | |
| 1991 | | | | | |
| 1992 | | | | | |
| 1993 | | | | | |
| 1994 | | | | | |
| 1995 | | | | | |
| 1996 | | | | | |

Note: To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, in 1996 the monthly payment for a mortgage amount of \$60,000 taken out in 1982 would be: \$60,000 ÷ \$10,000 = 6; 6 × _____ = \$ _____ per month.)

H-4(D)—Variable-Rate Model Clauses

Your new interest rate will be _____%, which is based on an index value of _____%.

Your previous interest rate was _____%, which was based on an index value of _____%.

[The new interest rate does not reflect a change of _____ percentage point in the index value which was not added because of _____.]

[The new payment will be \$_____.]

[Your new loan balance is \$_____.]

[Your (new) (existing) payment will not be sufficient to cover the interest due and the difference will be added to the loan amount. The payment amount needed to pay your loan in full by the end of the term at the new interest rate is \$_____.]

[The following interest rate adjustments have been implemented this year without changing your payment: _____. These interest rates were based on the following index values: _____.]

H-4(E) Fixed Rate Mortgage Interest Rate and Payment Summary Model Clause

INTEREST RATE AND PAYMENT SUMMARY

| | Rate & Monthly Payment |
|--|------------------------|
| Interest Rate | ____% |
| Principal + Interest Payment | \$ ____ |
| Est. Taxes + Insurance (Escrow) • [Includes [Private] Mortgage Insurance] | \$ ____ |
| Total Est. Monthly Payment | \$ ____ |

H-4(F) Adjustable-Rate Mortgage or Step-Rate Mortgage Interest Rate and Payment Summary Model Clause

INTEREST RATE AND PAYMENT SUMMARY

| | INTRODUCTORY Rate & Monthly Payment (for first <i>period</i>) | [MAXIMUM during FIRST FIVE YEARS (<i>date</i>) | MAXIMUM EVER (as early as <i>date</i>) |
|--|---|--|--|
| Interest Rate | ___% | [___%] | ___% |
| Principal + Interest Payment | \$ ___ | [\$ ___] | \$ ___ |
| Est. Taxes + Insurance [(Escrow)] • [Includes [Private] Mortgage Insurance] | [\$ ___] | [\$ ___] | [\$ ___] |
| Total Est. Monthly Payment | \$ ___ | [\$ ___] | \$ ___ |

H-4(G) Mortgage with Negative Amortization Interest Rate and Payment Summary Model Clause

INTEREST RATE AND PAYMENT SUMMARY

[This loan offers you several monthly payment options. The table below shows you what your payments would be under two of these options if the interest rate reached its maximum of ___% in the *period* of this loan.]

[All payments shown in the table include \$ ___ for estimated taxes and insurance [(escrow)].

| | (<i>Date</i>) [[<i>period</i>] [intro]] | [[<i>Date</i>] (1st adjustment)] | [[<i>Date</i>] (2nd adjustment)] | (<i>Date</i>) + every <i>period</i> after |
|---|---|---------------------------------------|---------------------------------------|--|
| Maximum Interest Rate | ___% [(intro rate)] | [___%] | [___%] | ___% (max. ever) |
| Full Payment Option <i>Monthly payments cover all principal and interest.</i> | \$ ___ | [\$ ___] | [\$ ___] | \$ ___ |
| Minimum Payment Option <i>Initial monthly payments cover no principal and only some interest and increase your loan amount.</i> | \$ ___ | [\$ ___] | [\$ ___] | \$ ___ |

You will borrow an additional \$ ___ by (*date*)
if you make only minimum payments on this loan.

H-4(H) Fixed Rate Mortgage with Interest Only Interest Rate and Payment Summary Model Clause

INTEREST RATE AND PAYMENT SUMMARY

| | INTRODUCTORY Rate & Monthly Payment (for first ___ years) | MAXIMUM EVER (as early as ___) |
|-----------------------------------|---|--------------------------------------|
| Interest Rate | ___% | ___% |
| Principal Payment | - none - | \$ ___ |
| Interest Payment | \$ ___ | \$ ___ |
| Est. Taxes + Insurance (Escrow) | \$ ___ | \$ ___ |
| Total Est. Monthly Payment | \$ ___ | \$ ___ |

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H-4(I)—INTRODUCTORY RATE MODEL CLAUSE

[Introductory Rate Notice
You have a discounted introductory rate of _____ % that ends after (period).
In the (period in sequence), even if market rates do not change, this rate will increase to ____ %.]

H-4(J)—BALLOON PAYMENT MODEL CLAUSE

[Final Balloon Payment due (date): \$ _____]

H-4(K)—“NO-GUARANTEE-TO-REFINANCE” STATEMENT MODEL CLAUSE

There is no guarantee that you will be able to refinance to lower your rate and payments.

H-5—Demand Feature Model Clauses

This obligation [is payable on demand.]
[has a demand feature.]
[All disclosures are based on an assumed maturity of one year.]

H-6—Assumption Policy Model Clause

Assumption: Someone buying your house [may, subject to conditions, be allowed to] [cannot] assume the remainder of the mortgage on the original terms.

H-7—Required Deposit Model Clause

The annual percentage rate does not take into account your required deposit.

H-8—Rescission Model Form (General)

NOTICE OF RIGHT TO CANCEL

Your Right to Cancel

You are entering into a transaction that will result in a [mortgage/lien/security interest] [on/in] your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) the date of the transaction, which is _____; or
- (2) the date you received your Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel the transaction, the [mortgage/lien/security interest] is also cancelled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the [mortgage/lien/security interest] [on/in] your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

How to Cancel

If you decide to cancel this transaction, you may do so by notifying us in writing, at

(creditor's name and business address).

You may use any written statement that is signed and dated by you and states your intention to cancel, _____ or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of _____ (date) (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature

Date

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H-9—RESCISSON MODEL FORM (REFINANCING WITH ORIGINAL CREDITOR)

If we do not take possession of the money within 20 calendar days of your offer, you may keep it without further obligation.

NOTICE OF RIGHT TO CANCEL

HOW TO CANCEL

Your Right To Cancel

If you decide to cancel this new transaction, you may do so by notifying us in writing, at

You are entering into a new transaction to increase the amount of credit previously provided to you. Your home is the security for this new transaction. You have a legal right under federal law to cancel this new transaction, without cost, within three business days from whichever of the following events occurs last:

(Creditor's name and business address).

- (1) the date of this new transaction, which is _____; or
- (2) the date you received your new Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel this new transaction, it will not affect any amount that you presently owe. Your home is the security for that amount. Within 20 calendar days after we receive your notice of cancellation of this new transaction, we must take the steps necessary to reflect the fact that your home does not secure the increase of credit. We must also return any money you have given to us or anyone else in connection with this new transaction.

If you cancel by mail or telegram, you must send the notice no later than midnight of

You may keep any money we have given you in this new transaction until we have done the things mentioned above, but you must then offer to return the money at the address below.

(Date) _____
(or midnight of the third business day following the latest of the three events listed above).

If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature

Date

H-10—Credit Sale Sample

| | | | | |
|---|---|--|---|--|
| Big Wheel Auto | | Alice Green | | |
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> | FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> | Amount Financed <small>The amount of credit provided to you or on your behalf.</small> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> | Total Sale Price <small>The total cost of your purchase on credit, including your downpayment of</small> |
| 14.84 % | \$ 1496.80 | \$ 6107.50 | \$ 7604.30 | \$ 1500 - \$ 9129.30 |

You have the right to receive at this time an itemization of the Amount Financed.
 I want an itemization. I do not want an itemization.

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|--------------------|--------------------------|
| 36 | \$ 211.23 | Monthly beginning 6-1-81 |

Insurance
 Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

| Type | Premium | Signature |
|----------------------------|----------|---|
| Credit Life | \$ 120 - | I want credit life insurance. Signature <u>Alice Green</u> |
| Credit Disability | | I want credit disability insurance. Signature _____ |
| Credit Life and Disability | | I want credit life and disability insurance. Signature _____ |

Security: You are giving a security interest in:
 the goods being purchased.

Filing fees \$ 12.50 Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$10.

Prepayment: If you pay off early, you
 may will not have to pay a penalty.
 may will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I have received a copy of this statement.
Signature Alice Green Date 5-1-81

e means an estimate

H-11—Installment Loan Sample

| | | | |
|---|---|--|---|
| Friendly Bank & Trust Co. 700 East Street Little Creek, USA | | Lisa Stone 22-4859-22 300 Maple Avenue Little Creek, USA | |
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> | FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> | Amount Financed <small>The amount of credit provided to you or on your behalf.</small> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> |
| 12 % | \$ 675.31 | \$ 5000- | \$ 5675.31 |

You have the right to receive at this time an itemization of the Amount Financed.
 I want an itemization. I do not want an itemization.

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|-----------------------|--------------------------|
| 1 | \$262.03 ^e | 6/1/81 |
| 23 | \$235.36 | Monthly beginning 7/1/81 |

Late Charge: If a payment is late, you will be charged \$5 or 10% of the payment, whichever is less.

Prepayment: If you pay off early, you may will not have to pay a penalty.

Required Deposit: The annual percentage rate does not take into account your required deposit.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

^e means an estimate

H-12—Refinancing Sample

Everyone's Credit Union Date: April 1, 1981

| | | | |
|--|--|---|--|
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <p style="text-align: center; font-size: 1.2em;">15 %</p> | FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> <p style="text-align: center; font-size: 1.2em;">\$ 1285.06</p> | Amount Financed <small>The amount of credit provided to you or on your behalf.</small> <p style="text-align: center; font-size: 1.2em;">\$ 5177.73</p> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> <p style="text-align: center; font-size: 1.2em;">\$ 6462.79</p> |
|--|--|---|--|

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|--------------------|-------------------------|
| 35 | \$ 179.53 | monthly starting 5-1-81 |
| 1 | \$ 179.24 | 4-1-84 |

Insurance
 Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

| Type | Premium | Signature |
|-------------------|-----------|--|
| Credit Life | | I want credit life insurance. Signature _____ |
| Credit Disability | \$ 177.73 | I want credit disability insurance. Signature <u>Joseph Day</u> |

Security: You are giving a security interest in: the goods or property being purchased. your automobile.

Late Charge: If a payment is late, you will be charged 20% of the interest due with a minimum charge of \$0.05.

Prepayment: If you pay off early, you will not have to pay a penalty.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ e means an estimate

Itemization of the Amount Financed of \$ 5177.73

\$ 1000- Amount given to you directly
 \$ 3000- Amount paid on your account

Amount paid to others on your behalf

\$ _____ to public officials
 \$ 500- to Coop Credit Union
 \$ 500- to Acme Finance Co.
 \$ 177.73 to Pan-Galactic Ins. Co.
 \$ _____ for credit report

\$ _____ Prepaid finance charge

H-13—Mortgage with Demand Feature Sample

| | | | |
|---|---|--|---|
| Mortgage Savings and Loan Assoc. Date: April 15, 1981 | | Glenn Jones 700 Oak Drive Little Creek, USA | |
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> | FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> | Amount Financed <small>The amount of credit provided to you or on your behalf.</small> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> |
| 14.85 % | \$ 156,551.54 | \$ 44,605.66 | \$ 201,157.20 |

Your payment schedule will be:

| Number of Payments | Amount of Payments | When Payments Are Due |
|--------------------|--------------------|--------------------------|
| 360 | \$ 558.77 | Monthly beginning 6/1/81 |

This obligation has a demand feature.

You may obtain property insurance from anyone you want that is acceptable to Mortgage Savings and Loan Assoc.. If you get the insurance from Mortgage Savings and Loan Assoc. you will pay \$ 150/year

Security: You are giving a security interest in:
 the goods or property being purchased.

Late Charge: If a payment is late, you will be charged \$ N/A 5 % of the payment.

Prepayment: If you pay off early, you may have to pay a penalty.

Assumption: Someone buying your house may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

e means an estimate

H-14—Variable-Rate Mortgage Sample

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on an index rate plus a margin.
 - Your payment will be based on the interest rate, loan balance, and loan term.
- The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year (your index), plus our margin. Ask us for our current interest rate and margin.

—Information about the index rate is published weekly in the Wall Street Journal.

- Your interest rate will equal the index rate plus our margin unless your interest rate “caps” limit the amount of change in the interest rate.

How Your Interest Rate Can Change

- Your interest rate can change yearly.
- Your interest rate cannot increase or decrease more than 2 percentage points per year.
- Your interest rate cannot increase or decrease more than 5 percentage points over the term of the loan.

Federal Reserve System

Pt. 226, App. H

How Your Monthly Payment Can Change

- Your monthly payment can increase or decrease substantially based on annual changes in the interest rate.
- [For example, on a \$10,000, 30-year loan with an initial interest rate of 12.41 percent in effect in July 1996, the maximum amount that the interest rate can rise under this program is 5 percentage points, to 17.41 percent, and the monthly payment can rise from a first-year payment of \$106.03 to a maximum of \$145.34 in the fourth year. To see what your payment is, 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: $\$60,000 \div \$10,000 = 6$; $6 \times 106.03 = \$636.18$ per month.)
- You will be notified in writing 25 days before the annual payment adjustment may be made. This notice will contain information about your interest rates, payment amount and loan balance.]

[Example

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1982 to 1996. This does not necessarily indicate how your index will change in the future. The example is based on the following assumptions:

- Amount \$10,000
- Term 30 years
- Payment adjustment 1 year
- Interest adjustment 1 year
- Margin 3 percentage points
- Caps _____ 2 percentage points annual interest rate
- _____ 5 percentage points lifetime interest rate
- Index _____ Weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year.

| Year (as of 1st week ending in July) | Index (%) | Margin* (percentage points) | Interest Rate (%) | Monthly Payment (\$) | Remaining Balance (\$) |
|---|-----------|--------------------------------|-------------------|----------------------|------------------------|
| 1982 | 14.41 | 3 | 17.41 | 145.90 | 9,989.37 |
| 1983 | 9.78 | 3 | **15.41 | 129.81 | 9,969.66 |
| 1984 | 12.17 | 3 | 15.17 | 127.91 | 9,945.51 |
| 1985 | 7.66 | 3 | **13.17 | 112.43 | 9,903.70 |
| 1986 | 6.36 | 3 | ***12.41 | 106.73 | 9,848.94 |
| 1987 | 6.71 | 3 | ***12.41 | 106.73 | 9,786.98 |
| 1988 | 7.52 | 3 | ***12.41 | 106.73 | 9,716.88 |
| 1989 | 7.97 | 3 | ***12.41 | 106.73 | 9,637.56 |
| 1990 | 8.06 | 3 | ***12.41 | 106.73 | 9,547.83 |
| 1991 | 6.40 | 3 | ***12.41 | 106.73 | 9,446.29 |
| 1992 | 3.96 | 3 | ***12.41 | 106.73 | 9,331.56 |
| 1993 | 3.42 | 3 | ***12.41 | 106.73 | 9,201.61 |
| 1994 | 5.47 | 3 | ***12.41 | 106.73 | 9,054.72 |
| 1995 | 5.53 | 3 | ***12.41 | 106.73 | 8,888.52 |
| 1996 | 5.82 | 3 | ***12.41 | 106.73 | 8,700.37 |

*This is a margin we have used recently; your margin may be different.
 **This interest rate reflects a 2 percentage point annual interest rate cap.
 ***This interest rate reflects a 5 percentage point lifetime interest rate cap.
 Note: To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, in 1996 the monthly payment for a mortgage amount of \$60,000 taken out in 1982 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$106.73 = \640.38 .)

- You will be notified in writing 25 days before the annual payment adjustment may be made. This notice will contain information about your interest rates, payment amount and loan balance.]

H-15—Graduated Payment Mortgage Sample

| | | | |
|--|--|---|--|
| Convenient Savings and Loan | | Account number: 4862-88 | |
| Michael Jones 500 Walnut Court, Little Creek USA | | | |
| ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> | FINANCE CHARGE <small>The dollar amount the credit will cost you</small> | Amount Financed <small>The amount of credit provided to you or on your behalf</small> | Total of Payments <small>The amount you will have paid after you have made all payments as scheduled</small> |
| 15.37 % | \$177,970.44 | \$43,777 | \$221,548.44 |
| Your payment schedule will be: | | | |
| Number of Payments | Amount of Payments | When Payments Are Due | |
| 12 | \$446.62 | monthly beginning 6/1/81 | |
| 12 | \$479.67 | " | " 6/1/82 |
| 12 | \$515.11 | " | " 6/1/83 |
| 12 | \$553.13 | " | " 6/1/84 |
| 12 | \$593.91 | " | " 6/1/85 |
| 300 | } varying from \$637.68 to \$627.37 | " | " 6/1/86 |
| <p>Security: You are giving a security interest in the property being purchased.</p> <p>Late Charge: If a payment is late, you will be charged 5% of the payment.</p> <p>Prepayment: If you pay off early, you <input checked="" type="checkbox"/> may <input type="checkbox"/> will not have to pay a penalty. <input checked="" type="checkbox"/> may <input type="checkbox"/> will not be entitled to a refund of part of the finance charge.</p> <p>Assumption: Someone buying your home cannot assume the remainder of the mortgage on the original terms.</p> <p>See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.</p> <p><small>e means an estimate</small></p> | | | |

H-16—Mortgage Sample

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application.

If you obtain this loan, the lender will have a mortgage on your home.

YOU COULD LOSE YOUR HOME, AND ANY MONEY YOU HAVE PUT INTO IT, IF YOU DO NOT MEET YOUR OBLIGATIONS UNDER THE LOAN.

You are borrowing \$_____. (optional credit insurance is is not included in this amount).

The annual percentage rate on your loan will be: _____%.

Your regular [frequency] payment will be: \$_____.
[At the end of your loan, you will still owe us: \$[balloon amount].]

[Your interest rate may increase. Increases in the interest rate could increase your payment. The highest amount your payment could increase is to \$_____.]

H-18 Private Education Loan Application and Solicitation Model Form

[Creditor Name]
 [Creditor Address]
 [Creditor Phone Number]

Loan Interest Rate & Fees

Your **starting interest rate** will be between

% and %

After the starting rate is set, your rate will then vary with the market

Your Starting Interest Rate (upon approval)
 The starting interest rate you pay will be determined after you apply. [Description of how starting rate is determined]. If approved, we will notify you of the rate you qualify for within the stated range.

Your Interest Rate during the life of the loan
Your rate is variable. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see the reference notes.

[Indication of maximum rate or lack thereof]

Loan Fees
 [Itemization of fees]

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon [number of repayment options] repayment options available to you while enrolled in school.

| Repayment Option <small>(while enrolled in school)</small> | Amount Provided <small>(amount provided directly to you or your school)</small> | Interest Rate <small>(highest possible starting rate)</small> | Loan Term <small>(how long you have to pay off the loan)</small> | Total Paid over <small>[term of loan] (includes associated fees)</small> |
|---|--|--|--|---|
| 1. [REPAYMENT OPTION] <small>[Description]</small> | \$10,000 | [Rate] | [Loan Term] <small>[description of when repayment begins]</small> | [Total Cost] |
| 2. [REPAYMENT OPTION] <small>[Description]</small> | \$10,000 | [Rate] | [Loan Term] <small>[description of when repayment begins]</small> | [Total Cost] |
| 3. [REPAYMENT OPTION] <small>[Description]</small> | \$10,000 | [Rate] | [Loan Term] <small>[description of when repayment begins]</small> | [Total Cost] |

About this example
 [Description of example assumptions]
 [Description of other loan terms, if applicable]

Federal Loan Alternatives

| Loan program | Current Interest Rates by Program Type |
|---|--|
| PERKINS for Students | [Rate] fixed |
| STAFFORD for Students | [Rate] fixed Undergraduate subsidized |
| | [Rate] fixed Undergraduate unsubsidized & Graduate |
| PLUS for Parents and Graduate / Professional Students | [Rate] fixed Federal Family Education Loan |
| | [Rate] fixed Federal Direct Loan |

You may qualify for Federal education loans.

For additional information, **contact your school's financial aid office or the Department of Education at:**

www.federalstudentaid.ed.gov

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's web site at: www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market).

REFERENCE NOTES

Variable Interest Rate

- [Variable interest rate information, if applicable]

Eligibility Criteria

- [Description of eligibility criteria]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

More information about loan eligibility and repayment deferral or forbearance options is available in your loan application and loan agreement.

H-19 Private Education Loan Approval Model Form

BORROWER:
[Borrower Name]
[Borrower Address]

CREDITOR:
[Creditor Name]
[Creditor Address]

Loan Rates & Estimated Total Costs

| Total Loan Amount | Interest Rate | Finance Charge | Total of Payments |
|-------------------------------------|-----------------------------|---|--|
| | | | |
| The total amount you are borrowing. | Your current interest rate. | The estimated dollar amount the credit will cost you. | The estimated amount you will have paid when you have made all payments. |

ITEMIZATION OF AMOUNT FINANCED

| | |
|---------------------------------------|------------|
| Amount paid to you | [Amount] |
| Amount paid to others on your Behalf: | + [Amount] |
| • [Institution Name] | |
| Amount Financed [Description] | = [Amount] |
| Initial finance charges (total) | + [Amount] |
| • [Charge Type], [Amount] | |
| • [Charge Type], [Amount] | |
| Total Loan Amount | = [Amount] |

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see reference notes.

• Although your rate will vary, it will never exceed [maximum interest rate] (the maximum allowable [by law] for this loan).

• Your **Annual Percentage Rate (APR)** is [Rate]. The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

• [Itemization of Fees, if applicable]

Estimated Repayment Schedule & Terms

| [LOAN TERM] | [PAYMENT PERIOD, e.g. MONTHLY PAYMENTS] | | ◀ The estimated Total of Payments at the Maximum Rate of Interest would be [Total Payment Amount]. |
|--|--|--|--|
| | at [Interest Rate]% the current interest rate of your loan | at [Maximum Rate]% the maximum interest rate possible for your loan | |
| [Dates of Deferment Period, if applicable] deferment period | No payment required (Amount of accrued interest] interest will accrue during this time) | No payment required (Interest will accrue during this time) | |
| [Payment Due Dates] [number of monthly payments] monthly payments | [Payment Amount] | [Payment Amount] | |
| [Payment Due Dates] [number of monthly payments] monthly payments | [Payment Amount] | [Payment Amount] | |

Federal Loan Alternatives

| Loan program | Current Interest Rates by Program Type | |
|---|--|---------------------------------------|
| PERKINS for Students | [Rate] fixed | |
| STAFFORD for Students | [Rate] fixed | Undergraduate subsidized |
| | [Rate] fixed | Undergraduate unsubsidized & Graduate |
| PLUS for Parents and Graduate / Professional Students | [Rate] fixed | Federal Family Education Loan |
| | [Rate] fixed | Federal Direct Loan |

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at

www.federalstudentaid.ed.gov

Next Steps & Terms of Acceptance

This offer is good until:

[Date of Acceptance Deadline]

- 1. Find Out About Other Loan Options.**
Contact your school's financial aid office for more information.
- 2. You Have Until [Date of Acceptance Deadline] to Accept this Offer**
The terms of this offer will not change except as permitted by law and the variable interest rate may change based on the market.

To Accept the Terms of this loan,
[Description of method of acceptance]

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the [Index Name], which is currently [Rate]. Your rate is calculated each month by adding a margin of [Margin Rate] to the [Index].
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- [Description of effect of an increase]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- [Description of deferral options, if applicable]

Prepayments:

- [Prepayment disclosure]

Security

- You are giving a security interest in [description, if applicable]

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

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| | | |
|---|---|------------------------|
| BORROWER: [Borrower Name] [Borrower Address] | CREDITOR: [Creditor Name] [Creditor Address] | RIGHT TO CANCEL |
| You have a right to cancel this transaction, without penalty, by midnight on [deadline for cancellation]. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at [Creditor Phone Number]. | | |

Loan Rates & Estimated Total Costs

| | | | |
|--|--|---|---|
| Total Loan Amount <input style="width: 100%; height: 30px;" type="text"/> The total amount you are borrowing. | Interest Rate <input style="width: 100%; height: 30px;" type="text"/> Your current interest rate. | Finance Charge <input style="width: 100%; height: 30px;" type="text"/> The estimated dollar amount the credit will cost you. | Total of Payments <input style="width: 100%; height: 30px;" type="text"/> The estimated amount you will have paid when you have made all payments. |
|--|--|---|---|

ITEMIZATION OF AMOUNT FINANCED

| | |
|---------------------------------------|------------|
| Amount paid to you | [Amount] |
| Amount paid to others on your Behalf: | + [Amount] |
| • [Institution Name] | |
| Amount Financed [Description] | = [Amount] |
| Initial finance charges (total) | + [Amount] |
| • [Charge Type], [Amount] | |
| • [Charge Type], [Amount] | |
| Total Loan Amount | = [Amount] |

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see reference notes.

• There is no limit on the amount the interest rate can increase.

• **Your Annual Percentage Rate (APR) is [Rate].** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

• [Itemization of Fees, if applicable]

Estimated Repayment Schedule & Terms

| [LOAN TERM] | [PAYMENT PERIOD, e.g. MONTHLY PAYMENTS] | |
|--|--|---|
| | at [Interest Rate]% <small>the current interest rate of your loan</small> | No Maximum Rate <small>example at 25%</small> |
| [Dates of Deferment Period, if applicable] <small>[deferment period]</small> | No payment required <small>([Amount of accrued interest] interest will accrue during this time)</small> | No payment required <small>(Interest will accrue during this time)</small> |
| [Payment Due Dates] <small>[number of monthly payments] monthly payments</small> | [Payment Amount] | [Payment Amount] <small>(your payments will be higher if the rate increases above 25%)</small> |
| [Payment Due Dates] <small>[number of monthly payments] monthly payments</small> | [Payment Amount] | [Payment Amount] <small>(your payments will be higher if the rate increases above 25%)</small> |

← Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes.

The estimated Total of Payments if your rate rises to 25% would be [Total Payment Amount]. Your Total of Payments will be higher if rate increases above 25%.

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable interest rate that is based on a publicly available index, the [Index Name], which is currently [Rate]. Your rate is calculated each month by adding a margin of [Margin Rate] to the [Index].
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- [Description of effect of an increase]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- [Description of deferment options, if applicable]

Prepayments:

- [Prepayment disclosure]

Security

- You are giving a security interest in [description, if applicable]

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

H-21 Private Education Loan Application and Solicitation Sample

Page 1 of 2

First ABC Bank
12345 1st St.
Anytown, CA 93120
(800) 555 - 5555

Loan Interest Rate & Fees

Your starting interest rate will be between

7.375% and 17.375%

After the starting rate is set, your rate will then vary with the market

Your Starting Interest Rate (upon approval)

The starting interest rate you pay will be determined after you apply. It will be based upon your credit history and other factors (co-signer credit, school type, etc). If approved, we will notify you of the rate you qualify for within the stated range.

Your Interest Rate during the life of the loan

Your rate is variable. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see the reference notes.

Although the rate will vary after you are approved, it will **never exceed 25%** (the maximum allowable for this loan).

Loan Fees

Application Fee: \$15. **Origination Fee:** The fees that we charge to make this loan range from 0% to 3% of total loan amount. **Loan Guarantee Fee:** 0% to 3% of total loan amount. **Repayment Fee:** The fees we charge when you begin repayment range from 0% to 3.5% of the total loan amount. **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater. **Returned check charge:** up to \$25.

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon three (3) different repayment options available to you while enrolled in school.

| Repayment Option (while enrolled in school) | Amount Provided (amount provided directly to you or your school) | Interest Rate (highest possible starting rate) | Loan Term (how long you have to pay off the loan) | Total Paid over 20 years (includes associated fees) |
|--|---|---|--|--|
| 1. DEFER PAYMENTS Make no payments while enrolled in school. Interest will be charged and added to your loan | \$10,000 | 17.375% | 20 years starting after the deferment period | \$81,084 |
| 2. PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school. | \$10,000 | 17.375% | 20 years starting after the deferment period | \$60,707 |
| 3. MAKE FULL PAYMENTS Pay both the principal and interest amounts while enrolled in school. | \$10,000 | 17.375% | 20 years starting after your first payment | \$38,180 |

About this example

The repayment example assumes that you remain in school for 4 years and have a 6 month grace period before beginning repayment. It is based on the highest starting rate currently charged and associated fees. For loan amounts up to \$20,000, repayment will last 20 years, starting once the initial principal payment is made. For loan amounts more than \$20,000 repayment will last 30 years, starting once the initial principal payment is made.

Federal Loan Alternatives

| Loan program | Current Interest Rates by Program Type | |
|---|--|---------------------------------------|
| PERKINS for Students | 5% fixed | |
| STAFFORD for Students | 5.6% fixed | Undergraduate subsidized |
| | 6.8% fixed | Undergraduate unsubsidized & Graduate |
| PLUS for Parents and Graduate / Professional Students | 8.5% fixed | Federal Family Education Loan |
| | 7.9% fixed | Federal Direct Loan |

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at:

www.federalstudentaid.ed.gov

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's web site at: www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market).

REFERENCE NOTES

Variable Interest Rate

- This loan has a variable interest rate, that is based on a publicly available index, the London Interbank Offered Rate (LIBOR). Your rate will be calculated each month by adding a margin between 3% and 13% to the LIBOR.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time.

Eligibility Criteria

Borrower

- Must be enrolled at an eligible school at least half-time.
- Must be 18 years or older at the time you apply.

Co-signers

- Rates are typically higher without a co-signer.
- Must be 18 years or older at the time of loan application.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

More information about loan eligibility and repayment deferral or forbearance options is available in your loan application and loan agreement.

H-22 Private Education Loan Approval Sample

| | |
|--|---|
| BORROWER: Christopher Smith Jr. 1492 Columbus Way Plymouth, MA 02360 | CREDITOR: First ABC Bank 12345 1st St Anytown, CA 93120 |
|--|---|

Loan Rates & Estimated Total Costs

| Total Loan Amount | Interest Rate | Finance Charge | Total of Payments |
|-------------------------------------|-----------------------------|---|--|
| \$10,600.00 | 7.375% | \$18,541.24 | \$ 28,541.24 |
| The total amount you are borrowing. | Your current interest rate. | The estimated dollar amount the credit will cost you. | The estimated amount you will have paid when you have made all payments. |

ITEMIZATION OF AMOUNT FINANCED

| | |
|---|-------------------|
| Amount paid to you | \$0.00 |
| Amount paid to others on your Behalf: | + \$10,000 |
| • ABC State University | |
| Amount Financed (total amount provided) | = \$10,000 |
| Initial finance charges (total) | + \$600 |
| • Origination Fee (\$300) | |
| • Loan Guarantee Fee (\$300) | |
| Total Loan Amount | = \$10,600 |

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• Although your rate will vary, it will never exceed 25% (the maximum allowable for this loan).

• **Your Annual Percentage Rate (APR) is 8.23%.** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

| 20 YEAR LOAN TERM | MONTHLY PAYMENTS | | ◀ The estimated Total of Payments at the Maximum Rate of Interest would be \$154,928. |
|--|--|--|---|
| | at 7.375% the current interest rate of your loan | at 25% the maximum interest rate possible for your loan | |
| Sept. 1, 2009 - Oct. 31, 2013 deferment period | No payment required (\$3,799.67 in interest will accrue during this time) | No payment required (Interest will accrue during this time) | |
| Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments | \$118.93 | \$645.41 | |
| Oct. 1, 2033 1 monthly payment | \$116.97 | \$674.63 | |

Federal Loan Alternatives

| Loan program | Current Interest Rates by Program Type | |
|---|--|---------------------------------------|
| PERKINS for Students | 5% fixed | |
| STAFFORD for Students | 5.6% fixed | Undergraduate subsidized |
| | 6.8% fixed | Undergraduate unsubsidized & Graduate |
| PLUS for Parents and Graduate / Professional Students | 8.5% fixed | Federal Family Education Loan |
| | 7.9% fixed | Federal Direct Loan |

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at:

www.federalstudentaid.ed.gov

Next Steps & Terms of Acceptance

This offer is good until:

August 1, 2009

1. Find Out About Other Loan Options.

Contact your school's financial aid office for more information.

2. You Have Until August 1, 2009 to Accept this Offer

The terms of this offer will not change except as permitted by law and the variable interest may change based on the market.

To Accept the Terms of this loan, contact us at

First ABC Bank
12345 1st St.
Anytown, CA 93120
(800) 555 - 5555

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

- If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

H-23 Private Education Loan Final Sample

| | | |
|--|---|------------------------|
| BORROWER: Christopher Smith Jr. 1492 Columbus Way Plymouth, MA 02360 | CREDITOR: First ABC Bank 12345 1st St Anytown, CA 93120 (800) 555 - 5555 | RIGHT TO CANCEL |
|--|---|------------------------|

You have a right to cancel this transaction, without penalty, by midnight on August 4, 2009. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at 800-555-5555.

Loan Rates & Estimated Total Costs

| Total Loan Amount | Interest Rate | Finance Charge | Total of Payments |
|-------------------------------------|-----------------------------|---|--|
| \$10,600.00 | 7.375% | \$18,541.24 | \$ 28,541.24 |
| The total amount you are borrowing. | Your current interest rate. | The estimated dollar amount the credit will cost you. | The estimated amount you will have paid when you have made all payments. |

ITEMIZATION OF AMOUNT FINANCED

| | |
|--|-------------------|
| Amount paid to you | \$0.00 |
| Amount paid to others on your Behalf: | + \$10,000 |
| • ABC State University | |
| Amount Financed (total amount provided) | = \$10,000 |
| Initial finance charges (total) | + \$600 |
| • Origination Fee (\$300) | |
| • Loan Guarantee Fee (\$300) | |
| Total Loan Amount | = \$10,600 |

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• There is no limit on the amount the interest rate can increase.

• **Your Annual Percentage Rate (APR) is 8.23%.** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

| 20 YEAR LOAN TERM | MONTHLY PAYMENTS | | |
|--|--|---|--|
| | at 7.375% the current interest rate of your loan | No Maximum Rate example at 25% | |
| Sept. 1, 2009 - Oct. 31, 2013 deferment period | No payment required (\$3,799.67 in interest will accrue during this time) | No payment required (Interest will accrue during this time) | ◀ Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes. The estimated Total of Payments if your rate rises to 25% would be \$154,928. Your Total of Payments will be higher if rate increases above 25%. |
| Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments | \$118.93 | \$645.41 <small>(your payments will be higher if the rate increases above 25%)</small> | |
| Oct. 1, 2033 1 monthly payment | \$116.97 | \$674.63 <small>(your payments will be higher if the rate increases above 25%)</small> | |

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

- If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

H-17(A) DEBT SUSPENSION MODEL CLAUSE

Please enroll me in the optional [insert name of program], and bill my account the fee of [insert charge for the initial term of coverage]. I understand that enrollment is not required to obtain credit. I also understand that depending on the event, the protection may only temporarily suspend my duty to make minimum payments, not reduce the balance I owe. I understand that my balance will actually grow during the suspension period as interest continues to accumulate.

[To Enroll, Sign Here]/[To Enroll, Initial Here]. X _____

H-17(B) DEBT SUSPENSION SAMPLE

Please enroll me in the optional [name of program], and bill my account the fee of \$200.00. I understand that enrollment is not required to obtain credit. I also understand that depending on the event, the protection may only temporarily suspend my duty to make minimum payments, not reduce the balance I owe. I understand that my balance will actually grow during the suspension period as interest continues to accumulate.

To Enroll, Initial Here. X _____

[46 FR 20892, Apr. 7, 1981, as amended at 46 FR 29246, June 1, 1981; 52 FR 48671, Dec. 24, 1987; 53 FR 467, Jan. 7, 1988; Reg. Z, 60 FR 15473, Mar. 24, 1995; 61 FR 49247, Sept. 19, 1996; 62 FR 63444, 63445, Dec. 1, 1997; 62 FR 66179, Dec. 17, 1997; Reg. Z, 63 FR 2723, Jan. 16, 1998; 66 FR 65618, Dec. 20, 2001; 74 FR 41236, Aug. 14, 2009; 75 FR 7845, Feb. 22, 2010; 75 FR 58484, Sept. 24, 2010]

APPENDIX I TO PART 226—FEDERAL ENFORCEMENT AGENCIES

The following list indicates which federal agency enforces Regulation Z for particular classes of businesses. Any questions concerning compliance by a particular business should be directed to the appropriate enforcement agency. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

National banks and federal branches and federal agencies of foreign banks

District office of the Office of the Comptroller of the Currency for the district in which the institution is located.

State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act

Federal Reserve Bank serving the district in which the institution is located.