



HYBRID ARMS

5/5 Adjustable Hybrid ARM:

The interest rate is fixed for 5 years. It can then adjust my a maximum of 2% during the first adjustment year, but is then fixed for another 5 years. For example, if you start with a rate of 3.5%, that rate would be fixed for the first 5 years. On year 6, the maximum the interest rate can adjust would be 2% above that rate, but would then be fixed at that rate for another 5 years. In this case, if the rate adjusted by its first adjustment maximum of 2%, the rate for years 6-10 would be 5.5%.

7/5 Adjustable Hybrid ARM:

The interest rate is fixed for 7 years. It can then adjust my a maximum of 2% during the first adjustment year, but is then fixed for another 5 years. For example, if you start with a rate of 4.00%, that rate would be fixed for the first 5 years. On year 8, the maximum the interest rate can adjust would be 2% above that rate, but would then be fixed at that rate for another 5 years. In this case, if the rate adjusted by its first adjustment maximum of 2%, the rate for years 8-12 would be 6.0%.