

The London Interbank Offered Rate (LIBOR), the index used to adjust the interest rate on your adjustable-rate mortgage, will be discontinued or become unavailable during the term of your loan. When this happens, we will need to transition to a different index. This notice shares what you need to know about LIBOR and any potential changes that could impact your loan.

Adjustable-Rate Mortgage Notice: Transition Away from the LIBOR Index

We are writing to provide you with information about a future change to your adjustable-rate mortgage (ARM).

You Have an Adjustable-Rate Mortgage

Your loan is an ARM. This loan features a fixed interest rate for a period of time and then the interest rate adjusts periodically to reflect a new interest rate. The interest rate for ARMs adjusts using an index and a margin.

The index is published by third parties, and is a broad measure or “benchmark” of interest rates. LIBOR is an index used by many mortgage lenders. The margin is an amount added to the index to determine the interest rate on the loan. The original index and the amount of the margin were specified in the documents signed at loan closing.

What You Need to Know

The LIBOR index used to determine the interest rate for your ARM will be replaced by a new index.

- Currently, the interest rate on your ARM consists of the LIBOR index and a margin.
- Due to factors outside our control, LIBOR will be discontinued or deemed unsuitable for industry use after June 30, 2023.
- When LIBOR is no longer available or is deemed unsuitable, we will replace LIBOR with a new index to determine future interest rate and payment changes for your ARM. This transition also may entail a change in the margin.

Replacement index options are being considered.

- As described in your loan documents, when LIBOR is no longer available, an alternative published index to replace LIBOR will be selected for your ARM, consistent with the terms of your ARM.
- We are working with industry and government representatives to consider possible index replacement options.
- The replacement of LIBOR will not change other terms of your ARM, such as the maximum interest rate you may pay during the term of the ARM or the timing of any interest rate resets.

We will notify you when the replacement index takes effect and about any changes to your payments.

- Before a replacement index is put in place, you will be notified with the details of any changes affecting your ARM.
- Until further notice, your ARM will continue to be based on LIBOR.

What You Need to Do

- No action is needed on your part.
- You may refer to your account statement for the current interest rate on your ARM.

We're Here for You

Your mortgage is a substantial investment. We want to help you understand the terms of your ARM and any changes related to the index replacement. If you have concerns about your ARM and the possible index change, your mortgage servicing consultant would be happy to provide further information.

For general information on adjustable-rate mortgages, see the Consumer Handbook on Adjustable-Rate Mortgages, which is maintained by the Consumer Financial Protection Bureau and is available at: https://files.consumerfinance.gov/f/documents/cfpb_charm_booklet.pdf.

For more information on the discontinuation of LIBOR, see the Alternative Reference Rates Committee website, which is maintained by the Federal Reserve Bank of New York and is available at: <https://www.newyorkfed.org/arrc>.