

## Example of How the Graduated Payment Mortgage Rate Changes

The following charts show how the actual Borrower Rate might change based upon a theoretical change in the Standard MOP interest rate over the 8-year differential period for the example discussed in the "Introducing the Graduated Payment Loan" article. The interest rates and loan payments are shown below, based upon a \$400,000 loan with a 35-year term and an initial interest rate reduction of 2.0%.

| Loan Year | MOP Standard Rate | Interest Rate Differential | Borrower Rate | GP-MOP Monthly Pmt |
|-----------|-------------------|----------------------------|---------------|--------------------|
| 1         | 5.50%             | 2.00%                      | 3.50%         | \$1,653            |
| 2         | 5.95%             | 1.75%                      | 4.20%         | \$1,816            |
| 3         | 5.60%             | 1.50%                      | 4.10%         | \$1,792            |
| 4         | 5.90%             | 1.25%                      | 4.65%         | \$1,919            |
| 5         | 5.95%             | 1.00%                      | 4.95%         | \$1,988            |
| 6         | 6.05%             | 0.75%                      | 5.30%         | \$2,068            |
| 7         | 6.25%             | 0.50%                      | 5.75%         | \$2,170            |
| 8         | 5.80%             | 0.25%                      | 5.55%         | \$2,125            |
| 9         | 5.55%             | 0.00%                      | 5.55%         | \$2,126            |

**GP-MOP Borrower Rate  
Compared to MOP Standard Rate**

