Example of How the Graduated Payment Mortgage Rate Changes

This example assumes a loan with an initial Standard Rate of 4.50%, an Interest Rate Differential of 2.0% which results in an intial Borrower Rate of 3.25%, and an annual decrease in the Interest Rate Differential of .25% (8-year Rate Differential Period). The following charts show how the actual Borrower Rate might change based upon a theoretical change in the Standard Rate over the 8-year Rate Differential Period. The interest rates and loan payments shown below are based upon a $400,000 loan with a term of 30 years.

Loan Year	MOP Standard Rate	Interest Rate Differential	Borrower Rate	GP-MOP Monthly Pmt
1	4.50%	2.00%	3.25%	$1,741
2	4.95%	1.75%	3.20%	$1,730
3	4.60%	1.50%	3.10%	$1,710
4	4.90%	1.25%	3.65%	$1,821
5	4.95%	1.00%	3.95%	$1,882
6	5.05%	0.75%	4.30%	$1,951
7	5.25%	0.50%	4.75%	$2,040
8	4.80%	0.25%	4.55%	$2,002
9	4.50%	0.00%	4.50%	$1,992

GP-MOP Borrower Rate Compared to MOP Standard Rate