



# CASHFLOW 1-YEAR PAYMENT OPTION LOAN

When you want to minimize your monthly mortgage payment, **HERE'S THE LOAN FOR YOU.**

## The Cashflow 1-Year Payment Option Loan gives you the power of the minimum payment.

When you're looking to minimize your monthly mortgage payment, the Cashflow 1-Year Payment Option Loan gives you the power to do more with your money. With a low initial minimum payment option, you can make your monthly mortgage payment fit your ever-changing cash flow needs on a month-to-month basis. This option not only helps to free up more of your money when you need it most, it also provides the opportunity to save the extra funds or use them for other expenses.

## Pay the minimum required or pay more. It's entirely up to you.

The Cashflow 1-Year Payment Option Loan makes it easier to manage your mortgage and finances. Beginning in the second month, you have up to four different payment options from which to choose - Minimum Payment, Interest-Only Payment, 30-Year Amortizing Payment and 15-Year Amortizing Payment. Each month, you choose the option that best fits your cash flow needs.

## The advantages of choosing the Minimum Payment option

Currently, the Minimum Payment option is calculated based on a payment rate of 1.00%\*. This gives you the flexibility of making smaller monthly payments while preserving more of your monthly cash flow. With the Cashflow 1-Year Payment Option Loan, the minimum payment is set for up to one year.

	5-Year Interest Only Payment	Cashflow Minimum Payment	Monthly Savings	Annual Savings
Year 1	\$2,500	\$1,608	\$ 892	\$10,704**
Year 2	\$2,500	\$1,729	\$ 771	\$ 9,252**
Year 3	\$2,500	\$1,858	\$ 642	\$ 7,704**
<b>Savings over first 3 years: \$27,660</b>				

\*\* Example based on a \$500,000 loan amount. It compares a 5-Year Interest Only ARM payment based on a rate of 6.00% (as of 1/1/06) with the Minimum Payment Option, based on an initial rate of 1.00% (6.386% APR) with payment caps of 7.5% per year.

### Minimum Payment

#### Sample Payment: \$1,608\*

With this option, a payment is set for a maximum of 12 months at a reduced payment rate! This option maximizes cash flow and may defer payment of interest on your mortgage loan—potentially allowing you greater flexibility in managing your tax deductions?

### Interest-Only Payment

#### Sample Payment: \$2,650\*

This option allows you to take the money that you would usually put toward the principal portion of your loan and use it for other expenses, such as reducing high-interest debts or for investing. You only pay the interest portion of your loan! (This payment option is not available if it is less than the Minimum Payment amount.)

### 30-Year Amortized Payment

#### Sample Payment: \$3,115\*

To keep your loan on schedule, you can opt to pay off your loan in equal payments based on a traditional 30-year schedule! (This payment option is not available if it is less than the Minimum Payment amount.)

### 15-Year Amortized Payment

#### Sample Payment: \$4,325\*

You can make a principal and interest payment based on a 15-year payment schedule! This option allows you to make larger payments—when your cash flow permits—and pay down more of your loan. (This payment is not available after the 15th year of your loan and is also not available if it is less than the Minimum Payment amount.)

\* See Important Disclosures

## Flexible enough to adjust to the needs of every type of borrower.

**High achievers.** For borrowers interested in buying a larger home with as small a monthly payment as possible, the Minimum Payment and Interest-Only options allow you to afford the house you want.

**Investors.** For real estate investors with a vacancy or those looking to free up cash, the Minimum Payment and Interest-Only options may be your best solution. You also have the option of paying down your mortgage by choosing the 15- or 30-year payment option, when available.

**Savvy borrowers.** Use the flexible payment options to maximize your cash flow and free up money for other investments.

**Self-employed and/or seasonal workers.** If your income fluctuates from month to month, it's reassuring to know you can change your mortgage payment to match your finances. For months when you need to conserve cash, choose the Minimum Payment or Interest-Only Payment. When your cash flow is steady, you can opt for the more traditional loan options to pay off more of your loan.

### \* Important Disclosures:

<sup>1</sup> This example illustrates payment terms for a 30-year adjustable-rate Cashflow 1-Year Payment Option Loan, based on a \$625,000 home purchase with a 20% down payment, a \$500,000 mortgage using a discounted Interest Rate of 1.00% for the first month, and a minimum payment rate of 1.00% for the first 12 months, in effect as of 1/1/06. The Interest Rate adjusts monthly, after the first month, based on the 1-month LIBOR index plus a Margin, set at 2.20% in this example. With a 4.210% LIBOR rate, this would make the fully indexed Rate 6.375%, which is a 6.386% annual percentage rate (the APR may vary). The following payment examples assume that the fully indexed rate, the Index plus the Margin, remains constant throughout the life of the loan; rates can change during the life of the loan. Rates used in this example are not guaranteed and are subject to change without notice.

Using the assumptions above and assuming the fully indexed rate remains constant throughout the life of the loan, here are examples of the payment choices:

- The Minimum Payment for the first 12 months would be \$1,608 based upon the 1.00% Payment Rate. The Minimum Payment could increase or decrease after the first 12 months or earlier.
- In the 5th year, and every 5th year thereafter, the Minimum Payment is recalculated using the current fully indexed rate without any payment cap. Please note that the 1-year Payment Option Loan has annual payment adjustment caps after the 1st year.<sup>3</sup>
- The Interest-Only Payment option is not available for the first month or whenever it is less than the minimum payment.
- There is also the option of making amortizing payments based upon a 30- or 15-year term beginning in the second month. For the 30-year term, such a payment would be \$3,115 at the fully indexed rate. For the 15-year term, the payment would be \$4,325 at the fully indexed rate. These options are not available if they are less than the minimum payment.

#### Deferred Interest:

Payments may revert to fully amortizing over the remainder of the loan term if the outstanding loan amount reaches 110% of the initial loan amount due to deferred interest.

<sup>2</sup> Consult your tax advisor regarding the deductibility of interest paid on your mortgage and the effect of deferred interest for your specific tax situation.

<sup>3</sup> Yearly payment changes, after the first 12 months, may not be 7.5% more or less than the prior year's Minimum Payment, except that this 7.5% payment range limit is not applicable to the payment change in month 61 or every 5th year thereafter. Payments may revert to fully amortizing over the remainder of the loan term if the outstanding loan amount reaches 110% of the initial loan amount due to deferred interest.

## The Cashflow 1-Year Payment Option Loan offers these advantages:

- A low payment option set for up to 1 year
- Three additional payment options each month including interest-only\*
- Rates starting as low as 1.00%
- Loans up to \$2.5 million
- For Euro dollar deposits
- 30- and 40-year loan terms available\*\*\*
- Borrow up to 95% of your home's value

\*\*\* For 40-year loan terms, fully amortizing payments are based on a 40-year amortizing schedule with rates starting as low as 1.25%

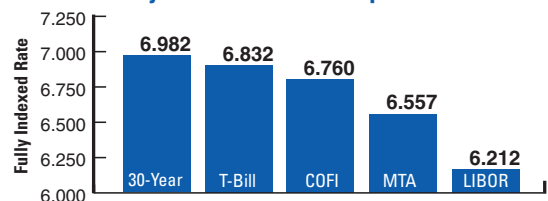
## Choose your index and customize your loan even more.

The interest rate of the Cashflow Payment Option Loan may change monthly based on fluctuations in the index you select. With this loan, you can either choose the 1-month London InterBank Offered Rate (LIBOR) or the 12-month Treasury Average (MTA) index. Interest rate calculations are based on the index plus a margin.

**LIBOR INDEX** - The LIBOR is the rate offered by banks in London for U.S. deposits. This rate is popular among borrowers because it is an international index that reflects the global economic climate.

**MTA INDEX** - The MTA index is based on the 12-month average of the monthly yields of U.S. Treasury securities adjusted to a constant maturity of one year. It is calculated by averaging the previous 12-monthly values of the 1-Year Constant Maturity Treasury (CMT) index.

### 10-Year Fully Indexed Rate Comparison



The 10-year averages from Jan '96 to Dec '05 for fully indexed rates above are based on the following: 30-year fixed rate of 6.982%, 1-year Treasury Bill of 3.957% with a 2.875% margin, COFI index of 3.860 with a 2.9% margin, 12-Month Treasury Average (MTA) of 4.057% with a 2.5% margin and 1-month LIBOR of 4.012 with a 2.20% margin.



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