

Personally Tailored Mortgage

A new loan product designed with personalization in mind.



Now you can tailor your mortgage to fit the way you manage your money. Introducing the Personally Tailored Mortgage—a new loan product designed with personalization in mind.

The Personally Tailored Mortgage features:

• Adjustable Rate Mortgage

Choice of 3 Rate Adjustment Periods—monthly, semi-annual or annual

Choice of Indices—1-Month LIBOR or 12-Month Treasury Average

• Choice of Three Monthly Payment Options

Minimum Payment—a reduced payment set every three years and based on the current rate minus 2%.

Interest Only—pay the interest due without applying any of your payment toward the loan principal.

Fully Amortizing Payment—the standard monthly payment comprising both principal and interest.

• Change your adjustment period or switch to a new loan every three years.

Borrowers Attitudes Are Changing and So Are We

Many borrowers today see a mortgage as part of their broader financial plan. It is no longer viewed as a debt to be eliminated, but rather an expense to be managed. As a result, they desire a mortgage that can be flexible and change as their financial plans change. We designed the Personally Tailored Mortgage (PTM) to give you this flexibility.

Reap the Rewards of Your Good Credit

We believe that you should be rewarded for managing your credit responsibly.

- Your excellent credit can allow you to borrow up to \$500,000 with a low down payment.
- The cost of mortgage insurance can be included in your interest rate, providing a lower overall monthly payment than with most other mortgage insurance options.
- We also offer a rate discount to borrowers with excellent credit.

Save Money By Sharing Interest Rate Risk

A significant amount of the price lenders charge for a fixed rate mortgage compensates them for the potential risk of interest rates rising during the term of the loan. Because the Personally Tailored Mortgage provides you with rate adjustment options—monthly, semi-annual and annual—this risk is shared and we can price your loan significantly below fixed rate and most adjustable rate mortgages.

You have a choice to have your rate based on the 1-month London InterBank Offered Rate (LIBOR) or the 12-month average of the monthly 1-year Treasury Bill yields (MTA).

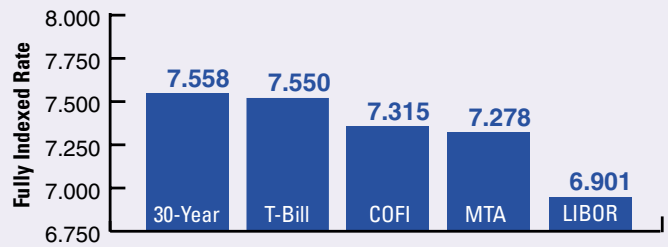
The LIBOR is the rate offered by banks in London for U.S. deposits. This index has gained popularity as an alternative to many of the other index choices because it is an international index that reflects the global economic climate.

The MTA index is calculated by averaging the previous 12 values of the 1-Year Constant Maturity Treasury (CMT) index. Because this index is an annual average, it is steadier than the 1-Year CMT index.

Fully Indexed Rate Comparison

To the right is a comparison between the fully indexed 1-month LIBOR, MTA, COFI, and 1-year Treasury Bill indices and a 30-year fixed rate mortgage from June 1993 to May 2003. The 10-year averages are based on the following: 30-year fixed rate of 7.558%, 1-year Treasury Bill of 4.675% with a 2.875% margin, COFI index of 4.415 with a 2.9% margin, 12-Month Treasury Average (MTA) of 4.778% with a 2.5% margin and 1-month LIBOR of 4.701 with a 2.20% margin.

Ten Year Fully Indexed Rate Comparison



Tailor Your Payments to Fit Your Cash Flow

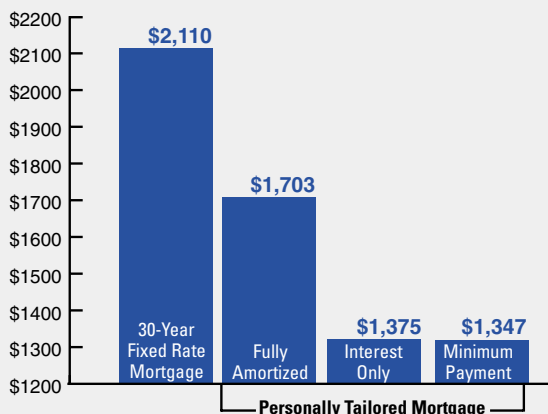
With a Personally Tailored Mortgage, you have up to three payment options to better manage your cash flow:

Minimum Payment A lower payment set every three years based on the current interest rate minus 2%. Available for the first 15 years of the loan, this payment may allow you greater flexibility in managing your mortgage interest tax deductions.² (When this payment is less than the interest-only payment, the amount of interest you defer is added to your loan's principal balance.)¹

Interest Only Pay the interest due without applying any of your payment toward the loan principal. This allows you to minimize your monthly payment without deferring interest. (This option is not available if the payment will be less than the minimum payment. In this situation, no interest is being deferred when you make the minimum payment.)¹

Fully Amortizing Payment Make a standard monthly payment comprising both principal and interest.¹

Monthly Payment Comparison



The example illustrates a 30-year loan of \$300,000, with a 25% down payment. The 30-year fixed rate payment of \$2110 is based on an APR of 7.558% (the average rate over the 10-year period from June 1993 - May 2003). The Personally Tailored Mortgage payments are based on a hypothetical initial rate of 3.50% for the minimum payment and a hypothetical fully indexed rate of 5.50% producing an APR of 5.569% (for illustrative purposes only) on the fully amortizing and interest-only payments.

Change Your Plan, Change Your Mortgage

Often, your financial plan changes, but your mortgage does not. As a result, like most homeowners, you go through the long and often costly process of refinancing your mortgage every few years.

With this in mind, we now give you the flexibility every three years to do the following:

- 1) Keep your Personally Tailored Mortgage, but select a different interest rate adjustment period (switch from semi-annual to annual adjustments, for example), or
- 2) Choose one of our other portfolio mortgage products. Save yourself the expense and effort of finding a new loan. For a small fee, you can send your Personally Tailored Mortgage back for alterations.

Plus, every three years your minimum payment is recalculated based on the current interest rate minus 2% and your outstanding loan balance. This may allow you to realize the benefits of any favorable interest rate changes and principal reduction payments you may have made during the prior three years.

Important Disclosures:

¹ This example illustrates payment terms for a 30-year adjustable-rate Personally Tailored Mortgage, based on a \$400,000 home purchase with a 25% down payment and a \$300,000 mortgage. Rates are current as of 5/31/03 and are subject to change without notice. The interest rate is adjusted monthly based on the 1-month LIBOR index plus a margin (2.30%). Current rate is 3.65%, 3.699% APR (APR may vary). This example assumes the interest rate remains constant throughout the life of the loan. Rates used in this example are not guaranteed and are subject to change without notice.

- The minimum payment is set every three years at the current rate minus 2% and would be \$1057 for the first 15 years. After the first 15 years of the loan, fully amortizing payments are required.
- The Interest-Only payment for the first 15 years would be \$913. However, the Interest-Only Payment option is not available when it is less than the Minimum Payment. After the first 15 years of the loan, fully amortizing payments are required.
- You also have the option of making 360 monthly payments of \$1372.

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.

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