

**DATE:**  
**BORROWER:**  
**LOAN #:**  
**PROPERTY ADDRESS:**

**IVANHOE PAY OPTION ARM  
 ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE  
 London Interbank Offered Rates Index (LIBOR) – PAYMENT CAPS**

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Information about other ARM programs will be provided upon request.

<b>HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED</b>		
<ul style="list-style-type: none"> <li>Your interest rate will be based on an index plus a margin. Please ask us for our current interest rate and margin.</li> <li>The index is average of Interbank offered rates for on month U.S dollar-denominated deposit in the London market (“LIBOR”), as published in the Wall Street Journal.</li> <li>Your initial interest rate is not based on the index used to make later adjustments. Please ask us for the amounts of our current interest rate discounts.</li> <li>For the first year of your loan, your payment will be based on the initial interest rate, loan amount and loan term. After the first year, your payment will be calculated as described below.</li> </ul>		
Your interest rate can change:	LIBOR ARM (Initial rate change at 1 month) On your first payment date and monthly thereafter	LIBOR ARM (Initial rate change at 3 months) On your 3 <sup>rd</sup> payment date and monthly thereafter
Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:	<ul style="list-style-type: none"> <li>Your interest rate will be rounded to the nearest 1/8%.</li> <li>Your interest rate will never exceed the maximum set forth in your loan documents. The maximum rate will not be more than 9.95%. Please ask us for our current maximum rate.</li> </ul>	
<b>How Your Payment Can Change</b>		
Your payment can change:	<ul style="list-style-type: none"> <li>Every year and can increase or decrease substantially based on changes in the interest rate.</li> <li>At every 5<sup>th</sup> scheduled payment adjustment, you will need to pay the Full Payment until the next payment adjustment date.</li> </ul>	
	You will be notified in writing at least 25, but no more than 120 days, before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount and loan balance.	
Your payment will be calculated as follows:	Beginning with the 13 <sup>th</sup> payment and every 12 months thereafter, we will calculate the amounts of the full payment and the limited payment. The full payment will be the amount sufficient to pay the unpaid balance in full by the maturity date at the interest rate in effect during the month preceding the payment change date. The limited payment will be your payment for the month preceding the payment change date increased by 7.5%. You will then have the choice each month of paying the lesser of the two, and if the limited payment is less than the full payment, you can choose to pay more than the limited payment up to and including the full payment for your monthly payment. If you pay anything less than the Full Payment, which would not be sufficient to cover the interest due, the difference will be added to your loan amount. <b>This means the balance of your loan could increase. This is known as “negative amortization.”</b>	
The unpaid principal of your loan.	<ul style="list-style-type: none"> <li>Can never exceed 115% (110% in New York) of the original amount borrowed, whether you limit your payment or pay the full payment. If that limit is reached, your monthly payment amount will be changed to an amount sufficient to pay the unpaid principal balance over the remaining life of the loan.</li> </ul>	
	The examples below illustrate interest rate and payment changes based on a \$10,000, 30-year loan. These examples use an initial interest rate in effect on the first business day of January 2004, and assume the maximum periodic increases in rates and payments.	
<b>Examples of loans with discounted interest rate (below sum of index and margin)</b>		
Initial Interest Rate	1.00%	1.75%
Maximum Interest Rate	9.95%	9.95%
First Year Payment	\$32.16	\$35.72
Maximum Payment	\$101.46 in the 3 <sup>rd</sup> year	\$102.14 in the 3 <sup>rd</sup> year

<b>Examples of loans with a premium rate (above sum of index and margin)</b>				
Initial Interest Rate	N/A	N/A	N/A	N/A
Maximum Interest Rate	N/A	N/A	N/A	N/A
First Year Payment	N/A	N/A	N/A	N/A
Maximum payment	N/A	N/A	N/A	N/A
NOTE: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a \$60,000 LIBOR ARM Index – Payment Cap loan with a discounted interest rate would be: \$60,000 / \$10,000 = 6; 56 x \$192.96 per month)				

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<b>MONTHLY HOME LOAN STATEMENT</b>		
<b>Home Loan overview as of 12/05/2004</b>		
Principal balance = \$250,000.00	Acct #12344578	
Interest Rate = 4.875%	Ivan & Tina Smith	
Start Rate = 1.750%	8511 Fallbrook Avenue	
	Orlando, FL 32804	
<b>Minimum Payment</b>		
The minimum payment due is the minimum amount the servicer will accept for your payment. The amount was determined at your last payment change date. If this amount is not sufficient to cover the amount of the interest due, negative amortization will occur.	Acct#12345678 Ivan & Tina Smith 8511 Fallbrook Avenue Orlando, FL 32804	Payment due November 1, 2003 = <b>\$893.11</b>
<b>Interest Only Payment</b>		
The amount that would pay the interest portion of the payment of the current interest rate. The principal balance will not be decreased by this payment.	Acct#12345678 Ivan & Tina Smith 8511 Fallbrook Avenue Orlando, FL 32804	Payment due November 1, 2003 = <b>\$1,015.63</b>
<b>15 Year Amortized Payment</b>		
The amount necessary to pay the loan off (principal and interest) within a 15 year term from the first payment due date, in substantially equal payments. This payment amount is calculated on the assumption that the current rate will remain in effect for the remaining term.	Acct#12345678 Ivan & Tina Smith 8511 Fallbrook Avenue Orlando, FL 32804	Payment due November 1, 2003 = <b>\$1,960.74</b>
<b>Fully Amortized Payment</b>		
The amount necessary to pay the loan off (principal and interest) at the maturity date, in substantially equal payments. (30 Year Fixed Payment)	Acct#12345678 Ivan & Tina Smith 8511 Fallbrook Avenue Orlando, FL 32804	Payment due November 1, 2003 = <b>\$1,323.02</b>