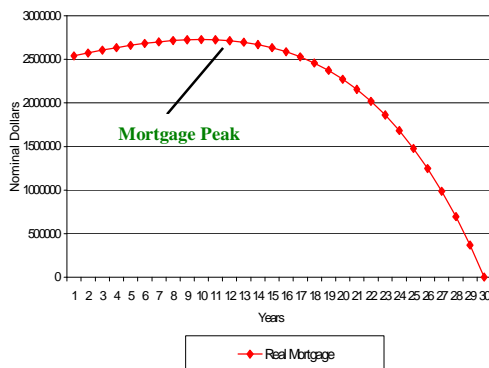


Real Mortgage Corporation™

The Grand Illusion: Negative Amortization

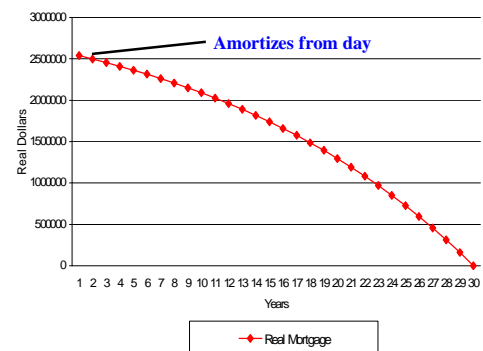
Real Mortgage Balances in Nominal Dollars



In Nominal Dollars, the **Real Mortgage™** is negatively amortizing during inflationary time periods. This would occur for about 11 years if we assumed a 3% annual inflation rate (see graph at left). This would concern most owners. When we look at the negatively amortizing graph of the outstanding loan balance, we are assuming that the dollars represented by the outstanding loan have the same value as today's dollars, over time. In real dollars, the

Real Mortgage™ does in fact amortize from day 1, beginning with the first payment (see graph below). The reason that the loan balance on the **Real Mortgage™** is negatively amortizing in nominal dollars is that the purchasing power of the nominal dollar is devalued by inflation over time. This means that you need an ever-increasing amount of the cheaper nominal dollars to equal the same purchasing power of a fixed amount of real dollars. Although money is supposed to represent purchasing power, we can see that the negative amortization on the nominal dollar graph is actually an illusion in terms of purchasing power. Please compare the **Real Mortgage™** outstanding loan balances in nominal dollars and real dollars. You will notice that the **Real Mortgage™** loan balance at the peak of the negative amortization in nominal dollars, has less purchasing power than the original **Real Mortgage™** balance on the first day, in real dollars.

Real Mortgage Balances in Real Dollars



For More Information - Mail, E-Mail or Fax to RMC

Name: _____

Address: _____

City: _____

State/Province: _____

Zip/Postal Code _____

Phone: _____

The Real Mortgage Corporation (**RMC**) will be the sponsor of a securitized pool of mortgages. All properties will be subject to due diligence and underwriting requirements.

Ask for our Analysis. ...

Real Mortgage Corporation

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