



Reverse Mortgage

Fast Facts

Information to help you understand how a reverse mortgage may help you improve your quality of life.



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Not all products and options available in all states. Consult your financial advisor. Consult appropriate government agencies.

It is important to know that with adjustable rate mortgages, an increase in the interest rate could affect the amount of money available to borrow in the future and the amount of money owed when the loan becomes due. Consolidating debt may result in higher overall interest cost over the life of the loan. Consult your financial advisor on paying short term debt with your mortgage loan.

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Help me?

We have received numerous requests asking us to explain how reverse mortgages work.

This booklet is dedicated exclusively to reverse mortgages. We suggest you save this booklet for future reference — and if you would like additional copies for a friend, or to discuss with your children or advisors, please call us.

More than 150,000 Americans 62 years and older have benefited from reverse mortgages. These products are increasingly becoming a logical component of a well-balanced retirement plan.

We hope this booklet helps you understand how a reverse mortgage may help improve the quality of your life.

Reverse Mortgage.

Reverse Mortgages are helping older Americans across the country achieve greater financial security. And enjoy their retirement years to the fullest.

Imagine having the income you need to remain living comfortably in your home in retirement — and at the same time make much needed repairs or



renovations, afford quality home healthcare, or even vacation with family and friends. Nearly 150,000 older Americans have done that thanks to the reverse mortgage, a unique financial security tool that gives older Americans the freedom and peace of mind to fully enjoy the retirement years.

A reverse mortgage is a loan that allows seniors to use the equity they've accumulated in their homes over the years to improve their quality of life and knock down the financial barriers to independent living. By converting equity into income, a reverse mortgage is a way to stay in your home and receive cash to use for any purpose — whether it's day-to-day-living expenses, home remodeling or repair, paying off your existing mortgage or debt, earning a college degree, or traveling the world. Best of all, you retain the title and you remain living in your home.

Homeowners who are 62 years or older can qualify, and there is no income qualification. The size of the reverse mortgage granted depends upon the applicant's age, the type of reverse mortgage sought, the home's value, and interest rates.

For as long as a reverse mortgage is outstanding, no monthly mortgage payments are required. The loan matures when the borrower no longer occupies the home as a primary residence. This typically occurs upon the sale of the home, or if the owner permanently moves or passes away.

Three quality products to provide the flexibility to meet your individual needs:

The government-insured FHA/HUD Home Equity Conversion Mortgage (HECM) suite of products, the Home Keeper product by Fannie Mae, and The Financial Freedom Cash Account Advantage plan. The Cash Account Advantage product provides increased benefits for higher valued property.

Reverse mortgages are a big part of our commitment to helping even more people meet the challenges that make staying in their homes and living independently a dream come true.

The Opposite of a Traditional Mortgage... a Reverse Mortgage Pays You Money

Taking a loan to buy a home means borrowing a large sum from a bank and paying down that debt to increase equity and wealth in the home. With a reverse mortgage, the opposite is true. Instead of making payments, a reverse mortgage borrower uses equity to gain income. Throughout the life of the loan, the balance gets larger while the equity gets smaller.

Reverse Mortgage costs...

Almost all costs of a reverse mortgage can be financed from the proceeds of the loan and include:

- Origination fee
- Closing costs
- Servicing fee
- Mortgage insurance premium

...And benefits

- Borrower retains title and occupancy of home
- Easy access to equity built in home
- Tax-free* equity release
- No required monthly mortgage payments
- Interest is tax deductible*
- The ability to access equity built in the home since its purchase
- Lender has no claim on borrower's income or assets other than the current market value of the home

* Consult your Financial Advisor

What People are Saying

ABOUT THEIR REVERSE MORTGAGE

"No longer do I have to tell myself I can't have something... once again, I am able to relax and enjoy the life I've created with my friends. No problem meeting the expenses for my medications, which is a significant cost to cover my current medical conditions. I am happy, enjoying living, playing bridge and keeping my mind active."

"It was the right decision for me, and my family thinks so too. The payments always come on time, and the people are always helpful. I wish I could say more good things about my reverse mortgage, but you'd think I worked for them if I did."

"I paid off the existing mortgages and some credit cards. And, I now have a guaranteed income for the rest of my lifetime. The reverse mortgage program allows me to save something for Linda (his daughter) and enjoy my retirement, too."

"We have a Caregiver that assists us 3-4 hours, five days a week... we needed financial assistance to help pay for this."

"Now I can stay in my home always and pay for my medicine, proper food and enjoy my life."

MAKING A REVERSE MORTGAGE

Work for You.

We make it as easy as possible for you to obtain the reverse mortgage that's right for you. We're with you every step of the way, helping to customize a loan that meets your unique needs. And because we know these decisions can sometimes be challenging, we encourage you to seek the advice and counsel of those you trust most—your family, friends, attorney, and accountant.

1. Getting Started

If you want to learn how a reverse mortgage will work for you, a loan advisor will visit you in your home and explain the benefits, features, income options, and costs.

2. Releasing Equity in Your Home

The amount of funds available is generated based upon the following:

- Appraised value of home or maximum lending limit
- Borrower's age
- Current interest rate

3. Taking Action

When you are ready to move forward, we will assist you in completing an application request and schedule a counseling session with an approved counselor. In some cases a termite report may be required. In many cases home repairs needed may be paid out of benefits.

Fast Facts

- All borrowers must be 62 years or older
- No repayment is made until the home is sold or the owner permanently moves out or passes away
- You will never owe more than the current market value of your home at the time the loan becomes due
- No income qualification
- Interest is paid at the time the loan is repaid
- When the loan is due, your heirs have choices — they can repay the loan and keep the house, or sell the home and repay the loan
- Social Security benefits and Medicare are generally not affected by a reverse mortgage – consult appropriate government agencies.
- You own your home — the lender does not take control of the title
- Typically, interest rates are adjustable and can change periodically
- Closing costs and fees incurred can be financed as part of the loan

4. Gaining Independence and Remaining in Control

A lien is recorded against the home, but the borrower will retain title to the property and remain in control of the home. The borrower continues to have the responsibility for maintaining the home in reasonable condition and paying property taxes and insurance premiums.

5. Reaping the Rewards of a Reverse Mortgage

Borrowers have many specific reasons for electing a reverse mortgage. Some are needs-driven, others enhance quality-of-life choices. Possible uses of a reverse mortgage are nearly endless, as the money the borrowers receive belongs to them. It is theirs to do with as they wish.



WHAT ARE THE POSSIBLE USES OF A REVERSE MORTGAGE?

It's Up to You.

Reverse Mortgage Possible Uses

- Pay for home repairs and renovations
- Long-term healthcare
- Pay off existing debt
- Healthcare + prescription drugs
- Pay taxes
- Your grandchildren's education
- Travel
- Pay off an existing mortgage
- Buy a boat or a summer home
- Make car repairs or purchase a new car
- Earn a college degree
- ALMOST ANYTHING YOU WANT



Information Center

We offer several publications that we believe can be extremely useful in helping you decide if a reverse mortgage can improve your quality of life, and just enjoy your life a bit more.

1. What Every Son & Daughter Should Know To Help Their Parents Live Well In Retirement

Important insight that we believe can help you, your children, and your grandchildren enjoy your retirement years together.

"This is an excellent booklet for older parents and their children. It brings clarity to many of the issues older parents face every day in an objective and non-confrontational way. We think this type of understanding can help facilitate the intergenerational financial discussions that are often very empowering to the older parents and their children."

-- Professional Advisor

2. A Consumer Guide To Reverse Mortgages

Questions, answers, guidelines, and options about reverse mortgages.

3. Cash Account Advantage Reverse Mortgage

This guide reviews features and benefits of Financial Freedom's proprietary Cash Account Advantage plan which has virtually no loan limits and provides increased benefits for higher valued property.