



*The Reverse Mortgage People®*

Presents:

# The Cash Account Plan



# What Is The Cash Account?

- Proprietary product offered by Financial Freedom\*
- Provides maximum equity release
- Line of credit established that can be accessed at any time
- Amount of line of credit based on home value, age of borrower and choice of Cash Account option

\* Loans will be made by Financial Freedom Senior Funding Corporation, a Subsidiary of IndyMacBank, F.S.B. Financial Freedom's "Cash Account" is a proprietary product and trademarked by Financial Freedom.



# Advantages Of The Cash Account

- Provides flexibility knowing money is in reserve
- Similar to home equity lines with no required monthly repayment until loan matures
- No appreciation or maturity fee
- Proceeds are not taxable\*
- No restrictions on how you use funds

\* Consult tax advisors. Not all products and options available in all states.



# Qualifications

- Designed for borrowers age 62 years and older
- Minimum \$75,000 home value
- Virtually no maximum home value or loan limit



# Eligible Properties

- Single family detached homes
- Some manufactured homes, condominiums, Co-ops\* and PUDs
- 1-4 rental units if one is owner-occupied
- Not available for commercial property, agricultural property, etc.

\* Currently only available in New York City, New York



# Equity Release

- Available on all Cash Account options
- Allows you to limit the percentage of home value pledged as collateral for the loan
- You may choose to protect a minimum of 10% and a maximum of 50% of your home equity
- Permits greater flexibility by assuring a percentage of equity remains to benefit you or your heirs upon loan maturity
- Results in the amount of the loan or line of credit being limited to the percentage you select (10%-50%), which is less than the amount for which you may otherwise qualify



# Standard Option

- Origination fee = Scaled percentage of the home value
- Origination fee cap no more than 2%
- No Equity Share
- No penalty for early repayment



# Standard Option

- Adjustable interest rate
  - Special six-month introductory rate at .5 % below fully indexed rate at six-month LIBOR + 5 %
  - Lifetime interest rate cap is 6 % over the initial annual percentage rate [6 month LIBOR (index) + 5 % (margin)]



# Standard Cash Account Example

- Single Borrower – Age 70
  - Home Value \$2,000,000
    - Eligible Proceeds \$484,346\*
- Couple – Ages 75 & 80
  - Home Value \$1,000,000
    - Eligible Proceeds \$261,316\*

\* As of February 10, 2006 and is after origination fees and other closing costs in Irvine, CA



# Standard Cash Account Loan Cost Illustration

<b>Total Annual Loan Cost Rate</b>				
APPRECIATION RATE	DISCLOSURE PERIOD (Yrs.)			
	2	8	15	21
0%	15.61%	10.59%	9.81%	9.55%
4%	15.61%	10.59%	9.81%	9.55%
8%	15.61%	10.59%	9.81%	9.55%

- Illustration assumes that at closing, borrower is 70 years old with an initial rate of 8.83% and a home worth \$2,000,000



# Zero Point Option

- No Origination fee
- Minimum draw at closing = 75% of maximum available
- Closing costs capped at \$ 3,500 \*
- No prepayment of initial minimum withdrawal permitted for 5 years

\* Excluding applicable state taxes



# Zero Point Option

- Adjustable interest rate
  - Special six-month introductory rate at .5 % below fully indexed rate at six-month LIBOR + 5 %
  - Lifetime interest rate cap is 6 % over the initial annual percentage rate [ 6 month LIBOR (index) + 5 % (margin)]



# Zero Point Cash Account Example

- Single Borrower – Age 70
  - Home Value \$ 2,000,000
    - Eligible Proceeds \$ 513,500\*
- Couple – Ages 75 & 80
  - Home Value \$ 1,000,000
    - Eligible Proceeds \$ 279,000\*

\* As of February 10, 2006 and is after origination fees and other closing costs in Irvine, CA



# Zero Point Loan Cost Illustration

## Total Annual Loan Cost Rate

APPRECIATION RATE	DISCLOSURE PERIOD (Yrs.)			
	2	8	15	21
0%	9.23%	9.01%	8.96%	6.77%
4%	9.23%	9.01%	8.96%	8.94%
8%	9.23%	9.01%	8.96%	8.94%

- Illustration assumes that at closing, borrower is 70 years old with an initial rate of 8.83% and a home worth \$2,000,000



# Simply Zero Option

- No Origination fee
- Minimum draw at closing = 100% of maximum available
- No closing costs\*
- No prepayment of initial minimum withdrawal permitted for 5 years

\* Excluding applicable state taxes



# Simply Zero Option

- Adjustable interest rate
  - Special six-month introductory rate at .5 % below fully indexed rate at six-month LIBOR + 5 %
  - Lifetime interest rate cap is 6 % over the initial annual percentage rate [ 6 month LIBOR (index) + 5 % (margin)]



# Simply Zero Cash Account Example

- Single Borrower – Age 70
  - Home Value \$ 2,000,000
    - Eligible Proceeds \$ 517,000\*
- Couple – Ages 75 & 80
  - Home Value \$ 1,000,000
    - Eligible Proceeds \$ 282,500\*

\* As of February 10, 2006 and is after origination fees and other closing costs in Irvine, CA



# Simply Zero Loan Cost Illustration

## Total Annual Loan Cost Rate

APPRECIATION RATE	DISCLOSURE PERIOD (Yrs.)			
	2	8	15	21
0%	8.82%	8.90%	8.59%	6.06%
4%	8.82%	8.90%	8.90%	8.90%
8%	8.82%	8.90%	8.90%	8.90%

- Illustration assumes that at closing, borrower is 70 years old with an initial rate of 8.83% and a home worth \$2,000,000



## Line Of Credit & Growth Rate

- Open-ended revolving line of credit
- Unused portion of cash account grows by 5% per annum
- Minimum draw after closing is \$500 for Standard and Zero Point options.



# Servicing Fees

- Servicing fees
  - Servicing fee is automatically financed on the account monthly
  - No servicing fee in Illinois and Maryland



# Repayment Of Loan

- Non-recourse loan
  - House stands for debt
  - No additional liability to borrower or heirs
- No monthly mortgage payment necessary until you move, sell or pass away



# Home Standards or Requirements

- Home must meet FHA standards
- Termite report will be required
- Home repairs may be paid out of benefits
- In rural areas, well and septic tanks must be tested



# Borrowers' Responsibilities

- Property taxes and insurance must be kept current
- Cannot be out of the residence for more than 12 consecutive months
- Property must be maintained
- Utilize home as primary residence



# Let's Add Up The Benefits

- You maintain home ownership
- Provides solutions to your financial needs, wants and desires
- You maintain the benefits as long as you remain in your home
- Allows most to maintain financial independence



# Reverse Mortgage Contact Information

**Brad Lusk at 1-877-365-FUND (3863)**



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