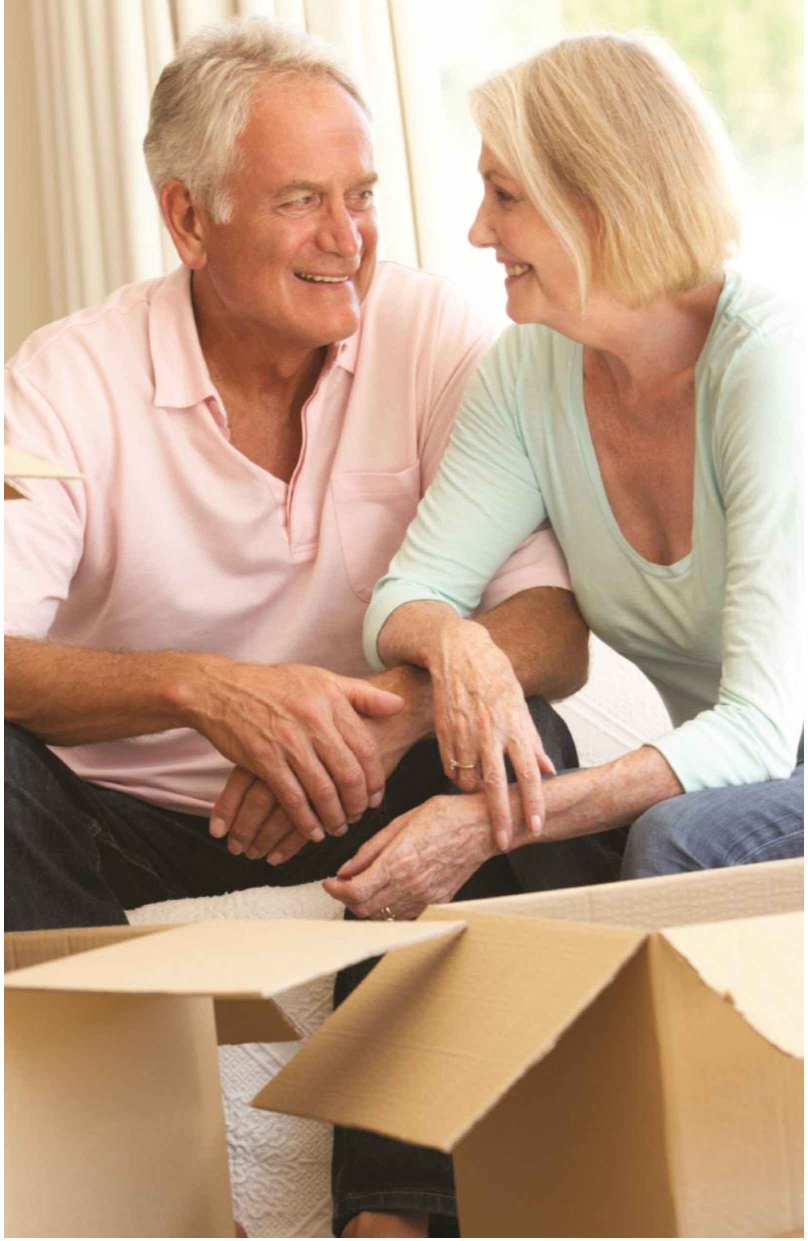

Understanding Home Equity Conversion Mortgages

Discover how to Unlock
the Equity in your Home

REVERSE
MORTGAGE
SPECIALIST

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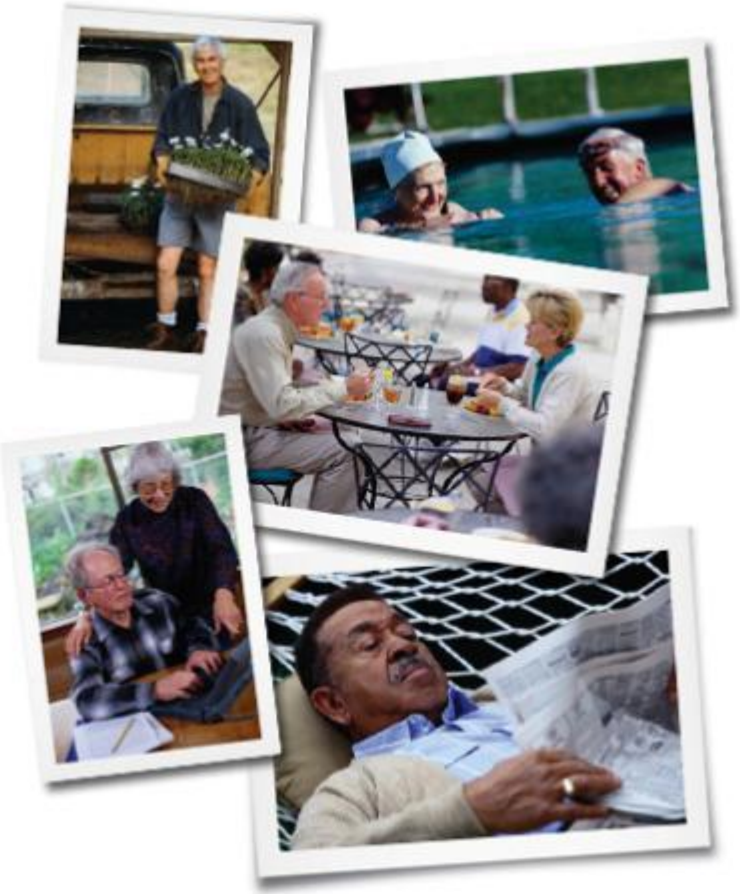
What Are Your Financial Goals?

Are you on track to meet your retirement needs and satisfy your wants, now and in the future?

A Home Equity Conversion Mortgage (HECM) may help give you the cash you need to meet your goals.

"Historically, people have sought HECM loans as a way to make ends meet, as they balance the costs of health care, housing and other basic needs in their retirement years. But in today's housing market, it has become more common to see people using them to eliminate their monthly mortgage payments."
(Wall Street Journal, June 27, 2010)



Explore Your Options

Retirement Funding Options	Pros	Cons
Delay retirement or return to work	Continue earning income to pay your financial obligations.	You may be unable or unwilling to continue working because of poor health or other reasons.
Sell your house and downsize	You eliminate or reduce your current mortgage payment and maintenance.	You may want to stay in your current home. You may still have a mortgage. Closing costs add to the financial burden.
Obtain a home equity loan or refinance your existing mortgage	You remain in your home. You may be able to lower your monthly mortgage payments and even pay off other debts.	You must still pay your monthly mortgage, plus closing costs for the equity loan.
Decrease expenses and modify your lifestyle	You eliminate unnecessary expenses and reduce your monthly cash outflow.	It may be difficult to cut back if you are already living frugally, or you may not want to sacrifice some comforts.
Obtain a Home Equity Conversion Mortgage (HECM)	You access tax-free cash to pay off your mortgage and may have additional funds for expenses or financial goals.[1]	The loan balance grows over time and the value of your estate may decrease over time.

[1] *Consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.*

A HECM Loan Defined?

A Home Equity Conversion Mortgage (HECM), commonly known as a reverse mortgage, is a Federal Housing Administration (FHA) insured loan which enables you to access a portion of your home's equity to obtain tax-free[1] funds without having to make monthly mortgage payments.[2]

If you are 62 years of age or older and have sufficient home equity, you may be able to get the cash you need to:

- Pay off your existing mortgage
- Continue to live in your home and maintain the title
- Pay off medical bills, vehicle loans or other debts
- Improve your monthly cash flow
- Fund necessary home repairs or renovations
- Build a "safety net" for unplanned expenses

1 Consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.

2 You must still live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements.

A Few of the Loan Benefits

- Eliminates your existing monthly mortgage payments[1]
- You can stay in your home and maintain the title
- Loan proceeds are tax-free and can be used any way you choose[2]
- Heirs inherit any remaining equity after paying off the HECM loan
- The HECM loan is FHA insured

1 You must still live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements.

2 Consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.

Eligibility

To be eligible for a HECM loan, some key requirements are:

- The youngest borrower must be at least 62 years of age
- You must live in your home as your primary residence and have sufficient equity
- Be able to pay off your existing mortgage using the HECM loan proceeds
- Live in a single family, two to four unit[1] owner-occupied home, townhouse, approved condominium or manufactured home
- Must meet financial eligibility criteria as established by HUD

Requirements

In addition to eligibility, you must meet the following conditions to obtain a HECM loan:

- Complete a HUD approved counseling session
- Maintain your home according to FHA requirements
- Continue to pay property taxes and homeowners insurance

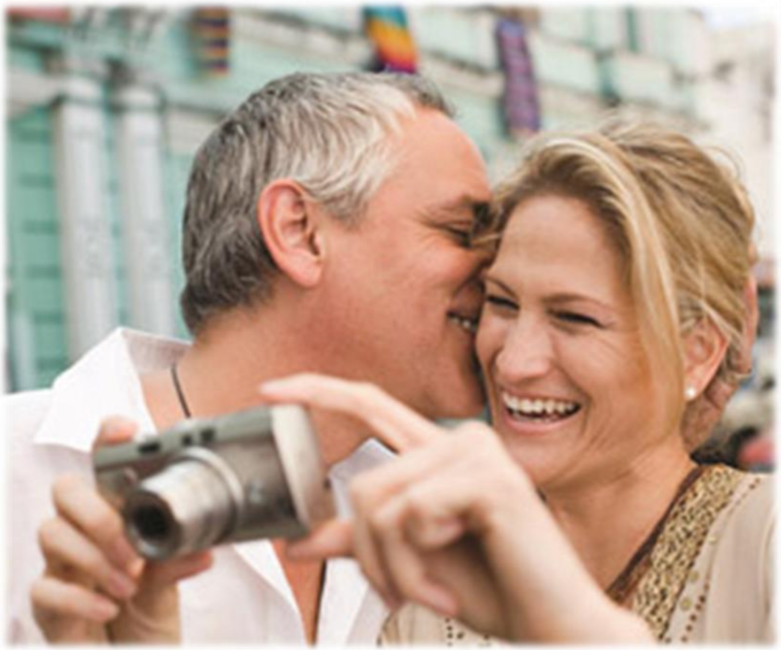
1 Not applicable to HECM for Purchase

Loan Costs

No hidden fees – all costs disclosed to you up front!

- Most fees can be financed into the loan = no out-of-pocket lender costs[1]
- Loan origination fees – capped by HUD
- Appraisal, credit report, title and escrow fees
- FHA mortgage insurance premium (MIP)

[1] *Except for HUD Counseling*



Safeguards

Federal Housing Administration (FHA) Insured

HECM loans are FHA insured. You are always protected against lender insolvency and can expect to receive your proceeds.

Mandatory Mortgage Insurance

HECM loans are required by U.S. Department of Housing and Urban Development (HUD) to charge a mandatory mortgage insurance. This insurance protects the borrower and their heirs in the event the loan balance is higher than the home's value at the time of sale.

Independent Counseling

Independent counselors which are approved by HUD provide you with objective information, and help you understand the process.

Capped Interest Rates

If your loan has an adjustable interest rate, there is a limit on how much some interest rates can change during a specific period of time.

Full Disclosure of Costs

Lenders are required to disclose your estimated loan costs and fees upfront through a Good Faith Estimate (GFE).

Types of Loans

HECM Loan

The HECM is available as either an adjustable- or fixed-rate loan. With the adjustable rate, the rate is adjusted monthly based on the LIBOR (London Inter Bank Offered Rate). The fixed-rate HECM maintains the same interest rate over the life of the loan.

HECM for Purchase Loan

The HECM for Purchase can help homeowners buy their next home without having to make monthly mortgage payments. This loan enables homeowners to use the equity from the sale of a previous residence to buy their next primary home in one transaction. Regardless of how long you live in the home or what happens to your home’s value, you only make one, initial investment (down payment) towards the purchase.

Disbursement Options

With a fixed-rate HECM loan, you can receive the cash in a lump sum.

With an adjustable-rate HECM loan, you can select:

- Tenure
- Term
- Line of Credit
- Lump Sum
- Modified Tenure
- Modified Term

The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. You may need to set aside additional funds from loan proceeds to pay for taxes and insurance. Consult a Liberty advisor for detailed program terms.

Questions & Answers:

Talk to Rob 858-248-6598

This material is not provided by, nor was it approved by the Department of Housing & Urban Development (HUD) or by the Federal Housing Administration (FHA).

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