

REVERSE MORTGAGE LOAN SUMMARY

LENDER: ABC Bank
LOAN OFFICER NO.: 12345-1234

DATE: April 30, 2010

Borrower & Property Information

Borrowers' Names & Ages	John Marsh (62)
Borrowers' Account Number	123456789
Property Address	123 Ward Street, Jingle Bells, TX 12345
Appraised Value	\$120,000

About this Loan

- You are applying for a reverse mortgage loan on your home that you do not have to repay for as long as you remain in the home.
- You will continue to own your home so you must pay your property taxes and insurance, and keep the home in good repair (see the Risks section).
- The amount of the loan, plus interest and fees, must be paid back in full if the home is sold **or** when the last surviving borrower dies or does not live in the house for 12 consecutive months.

Payment of Loan Funds

You will receive your funds as follows:

Initial Advance	\$55,242 will be paid to you after you accept the loan
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Annual Percentage Rate (APR)

Overall cost of this loan including interest and settlement charges	7.16 % APR
Rate Type	This is a <u>fixed rate</u>

Interest charges will be added to your loan balance each month and collected when the loan is due.

Fees

Account Opening Fees

Loan Origination	\$ 2,500
Inspection	\$ 500
Title Search & Title Insurance	\$ 590
Appraisal	\$ 298
Settlement Fee	\$ 415
Counseling Fee	\$ 125
Reverse Mortgage Insurance Premium	\$ 2,400
TOTAL Account Opening Fees	\$6,828

Monthly Fees *(added to your loan balance each month but not collected until the loan is due)*

Servicing Fee	\$30 per month (\$360 annually).
Reverse Mortgage Insurance Premium	0.042% monthly (0.5% annually).
Interest Charges	5.56% annually.

How the Loan Balance Grows

The table shows how your loan balance will grow.

	After 1 Year	After 5 Years	After 10 Years
How much money will you have received?	\$55,242.00	\$55,242.00	\$55,242.00
How much will be owed for interest + fees?	\$11,068.00	\$30,838.00	\$63,321.00
How much will be owed altogether?	\$66,310.00	\$86,080.00	\$111,600.00

Total Payments

If your loan lasted 21 years, you would make one payment totaling \$236,165.31. Of this amount, \$180,923.50 would go to interest and settlement charges. This amount, and your amount financed of \$55,241.81, is used to calculate your APR.

Repayment Options

At the end of the loan, you or your heirs may either:

- Pay the loan balance in full and keep the home, or
- Sell the home and use the proceeds to pay off the loan. If your home sells for less than you owe, you will not be required to pay the difference. If your home sells for more than you owe, the difference will be given to you or your heirs.

Risks

Your reverse mortgage loan will be secured by your home. If you default on your reverse mortgage loan by:

- Allowing the property to deteriorate beyond reasonable wear and tear; or
- Failing to pay property taxes or insurance; or
- Failing to live in the house for 12 consecutive months; or
- Failing to meet any other obligation;

...then we may take any or all of the following actions:

- | | |
|--------------------------|--|
| • Foreclose On Your Home | We could foreclose on your property and require that you leave the home. |
| • Terminate Your Loan | We may terminate your loan, make you pay the outstanding loan balance in a single payment, and charge you fees on termination. |

→ **You have no obligation to accept these terms.**

→ **Ask questions if you do not understand any part of this form.**

→ **For more information, go to www.frb.gov/reverse_mortgages/.**

By signing below I acknowledge receipt of this form.

Borrower's Signature

Date