

Financial Freedom Senior Funding Corporation

Jim Mahoney Chairman and CEO

Federal Reserve Board Public Hearing
Non-Traditional and Reverse Mortgages

June 16, 2006



About Financial Freedom

“Enhance the lives of seniors by providing financial security and independence”.

- Financial Freedom is headquartered in Irvine, California with a servicing operation in San Francisco and two processing centers, one in Roseville, CA. and the other in Atlanta, GA. Financial Freedom also has four regional sales offices located in Maryland, Ohio, Colorado and California.
- Operations date back to 1993, with the Company later becoming a subsidiary of Lehman Brothers Bank as of August 2001, then sold to Indymac Bank F.S.B., in July 2004. Financial Freedom is the market leader in originations and servicing with 55% market share in the Reverse Mortgage market.
- We have over 1,600 Wholesale correspondents representing the Financial Freedom reverse mortgage business. Currently we have 1,300 employees.

New Product - Cash Account Plans*

- **Cash Account Premium (margin – 500 basis point margin over the Index)**
 - Adjustable interest rate = 6 month LIBOR (index) +5% (margin).
Rate is reset semiannually
- **Cash Account Plus (margin – 400 basis point margin over the Index)**
 - Adjustable interest rate = 6 month LIBOR (index) +4% (margin).
Rate is reset semiannually

***Scheduled for July 2006 rollout. Proprietary reverse mortgages.** These are private loans with unique features that appeal to certain kinds of borrowers. An example of such reverse mortgages, which are backed by the companies that develop them, is Financial Freedom's **Cash Account Plans**.

Cash Account Plans, *Continued*

Standard

- Origination Fee – 2% of the Principal Limit minimum = \$2,500
- Closing Costs – Borrower is responsible for all third party costs
- Open-ended revolving line of credit
- Unused line of credit grows by 5% per annum
- Minimum Draw = 500

Zero Point

- Origination Fee – With a minimum draw of 75% and minimum \$200,000 then fee is waived.
- Closing Costs – Borrower is responsible for all third party closing costs.
- Unused line of credit grows by 5% per annum
- Minimum draw = 500
- No prepayment penalty. Partial prepayment not allowed below initial loan balance at closing for first five years.

Simply Zero

- Origination Fee – With a minimum draw of 100% and a minimum of \$200,000 then fee is waived.
- Closing Costs – With a minimum draw of 100% and a minimum of \$275,000 then fees are waived, with exceptions of state specific fees
- Line of Credit not available
- No Prepayment penalty. Partial prepayment not allowed for five years.

- **Equity Choice** is available for all Cash Account Options, and allows the borrower to limit the loan obligation to a stated percentage of the full market value of the home resulting in the amount of the loan or line of credit being less than the amount for which the borrower otherwise qualifies. **Allows greater flexibility assuring a percentage of equity remaining to benefit the borrower or heirs upon loan maturity.** Borrowers may choose to protect a minimum of 10% and a maximum of 50% of their home equity.

Servicing Overview

Financial Freedom's Loan Servicing located in San Francisco, California is the largest servicer in the industry and is exclusive to reverse mortgage loans

- Portfolio Statistics
 - Loan Portfolio – 90,000+
 - 95% Agency, 5% Proprietary
- Operations
 - Customer Service
 - Monthly payment to Borrowers and Line of Credit Cash Disbursement
 - Occupancy Audits
 - Default and Foreclosure
 - Reconveyance
 - Tax, Insurance ,Repair and Maintenance monitoring
 - Claim processing and submission
 - HECM Payment Plan Changes
 - Physical Inspection



Jim Mahoney, Chief Executive Officer

Bio

- Jim Mahoney has been involved in the development, design, marketing, origination, and servicing of home equity conversion loans (reverse mortgages) since 1990. He is the Chief Executive Officer of Financial Freedom Senior Funding Corporation.

Prior to the formation of Financial Freedom Senior Funding Corporation, Jim was the President and CEO of Freedom Home Equity Partners, a home equity conversion originator that he helped develop from inception. Jim was responsible for product development, institutional and consumer marketing as well as the overall operations of the company. The company successfully marketed and originated loans representing \$115 million in home value in its first 2 years of offering the program.

Jim is one of the leading authorities on reverse mortgage programs. He is a founding member of The National Reverse Mortgage Lender's Association and has served as both Chairman or Co-Chairman since 1999.

Jim has been involved in both real estate development and construction industries since 1975. As President and Chief Executive Officer of The Stewart Company (a Southern California real estate development company) Jim directed the acquisition, development, construction and management of real estate assets throughout Southern California, Arizona and Colorado. Jim was also responsible for management of the day-to-day operations of this \$70 million company.

Jim holds a Bachelor of Science degree from the University of California at Irvine.