



## **UNDERSTANDING YOUR REVERSE MORTGAGE SERVICING BOOKLET**

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**Forms and Guides at the back of this booklet:**

***“Help with completing your Reverse Mortgage Direct Deposit Request”***

***“Reverse Mortgage Direct ACH Deposit Request and Email Authorization”***

***“Reverse Mortgage Line of Credit Draw Request”***

***“Reverse Mortgage Sample Monthly Statement”***

## UNDERSTANDING OPTIONAL PAYMENT PLAN OPTIONS

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There are several payment plans available for your FHA HECM reverse mortgage. Your FHA Reverse Mortgage is also referred to as a “Home Equity Conversion Mortgage” (HECM). The plan you currently have is the one **you** selected prior to the closing of your loan. The following is a brief description of the different plan types:

**Line Of Credit** – This plan includes loans with a sum of money which is available to withdraw at any time during the term of the loan and loans where “lump sum” funds were received at closing. There is no fee charged when money is requested from a Line of Credit Account. For more information, see “*How do I request funds from my reverse mortgage line of credit?*” on page 5 of this booklet.

**Term Payment Plan** - A fixed monthly payment disbursed for a specific number of months or years. These payments will stop at the end of the term you selected.

**Tenure Payment Plan** – This is also known as a “***LIFETIME***” payment plan. As long as one borrower resides in the home and continues to meet the requirements of the HECM loan, they will receive fixed, monthly, lifetime payments.

**Modified Tenure Plan** - Is a combination of a ***Line of Credit*** and a ***Tenure Payment Plan***. With this plan, borrowers receive smaller lifetime monthly payments in addition to a separate Line of Credit account. This plan allows borrowers to draw money for unforeseen expenses like home repairs or for any other purpose. As long as one borrower resides in the home and continues to meet the requirements of the HECM loan, they will receive lifetime payments.

**Modified Term Plan** is a combination of a ***Line of Credit*** and a ***Term Payment Plan***. With this plan, borrowers receive smaller monthly payments for a fixed amount of time in addition to a separate Line of Credit account. This plan allows borrowers to draw money for unforeseen expenses like home repairs or for any other purpose. As long as one borrower resides in the home and continues to meet the requirements of the HECM loan, they will receive monthly payments for the specific number of months or years in the term plan.

**Fixed Rate Plan**- This plan required you to draw 100% of the funds available to you at your loan closing. You received your funds after a 3 day rescission period. The fixed rate option is a closed end loan which means that once you repay the amount you have drawn you are not able to take borrow those funds again (or draw the funds out on your line) You will continue to receive a monthly statement which

will show the details of your loan including your interest rate and the outstanding loan balance. You can also view this information by registering on our website [www.myrmloan.com](http://www.myrmloan.com). You are responsible for continuing to pay your property taxes and homeowners insurance (including flood insurance if applicable) as well as any other property charges such as HOA dues, throughout the duration of the loan.

## **CHANGING MY PAYMENT PLAN**

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### **What if I want to change the type of Payment Plan I currently have?**

One of the unique features of your HECM reverse mortgage is that you may change your payment plan at any time. To change your plan, call our customer service department. When you have decided which plan is best for you, we will mail, email or fax a ***“Change of Plan Authorization”*** form to you.

In order for a change of plan to be accepted, we must receive the **signed, “Change of Plan Authorization”** form in our office by the 25<sup>th</sup> day of the same month it was requested. This will allow enough time for the change to take effect before the 1<sup>st</sup> day of the following month. **This form must be signed by all borrowers.**

**Please note: A fee of twenty dollars (\$20) is charged to your loan balance if you decide to**

- 1. Change your loan payment plan type or**
- 2. The amount you receive each month**

## **HOW WILL I RECEIVE MY FUNDS?**

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You have the option of choosing one of two ways to receive your money, either by check or by direct deposit to your bank account. If you are on a monthly payment plan, we will automatically mail you a check unless you have signed up for direct deposit. If you would like direct deposit, please use the form attached to enroll.

## **DIRECT DEPOSIT OPTION**

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The majority of our customers choose the direct deposit option. The advantages of our direct deposit service include:

- **Fast Funds Receipt** – your funds will automatically be deposited into your bank account, saving you trips to the bank to make deposits.

- No Bank Holding Period – Funds sent via ACH Direct Deposit are placed directly in your bank account; thereby eliminating your funds being put on hold by your bank while your check clears.
- Added Security – Direct Deposit eliminates the concern of your check being lost or delayed in the mail.

Our system is similar to the way Social Security Direct Deposit works. **Only one bank account can be used for Direct Deposit.**

### **Am I charged a fee if I use Direct Deposit?**

There is no fee charged by us or your bank for using the direct deposit option. We provide this service free of charge.

### **I did not elect to receive Direct Deposit when my loan closed. How do I set up Direct Deposit now?**

It is very easy to set up your Direct Deposit account. In the back of this guide there is a form labeled “*Reverse Mortgage ACH Direct Deposit Request*”. Complete all of the items on this form and have **ALL borrowers sign it**. You will need to **mail** us a pre-printed **original** voided check with your bank account information along with your completed form. ALL borrowers must be authorized signers on the bank account.

### **If I choose the Direct Deposit Option, how long will it take before my money is credited to my bank account?**

Funds sent via direct deposit will be processed and submitted to the Federal Reserve Bank within **five** business days of our receipt of your written request. The funds will then be forwarded to your bank for credit to your bank account.

### **Can I have my money sent to a Savings Account via Direct Deposit?**

Yes, however only **ONE** bank account can be set up for direct deposit. If you wish to have funds sent to a savings account, you will need to contact your bank to obtain the “external ABA routing number” for “ACH Direct Deposits” along with your “savings account number”. Normally, the numbers on savings account deposit slips are not the same as those needed for direct deposit. A letter from your bank with the numbers is preferred.

## **REVERSE MORTGAGE LINE OF CREDIT**

### **How do I request funds from my reverse mortgage line of credit?**

To draw money from your line of credit, you will need to complete the “***Reverse Mortgage Line of Credit Draw Request***” form found in the back of this guide. **All borrowers are required to sign this form.** After you have completed the form, you can either mail or fax it to our office or scan it and email it to us.

When we receive and review your signed “*Reverse Mortgage Line of Credit Draw Request*” form, we will either mail your check or send your money directly to your bank via direct deposit if you have enrolled in Direct Deposit. If you are not signed up for our Direct Deposit Option, please allow extra time for checks to arrive at your home.

### **What if I run out of “*Line of Credit Draw Request*” forms?**

You may request additional forms by calling us. We will fax, mail or e-mail you extra forms whenever you need them. You may make copies of the forms in the back of this booklet for future use as well. You can print forms from our website by accessing [www.myrmloan.com](http://www.myrmloan.com).

### **Where can I find a fax machine if I don’t have one?**

A fax machine is usually available for your use at your local public library. Fax machines are also available for use at the following locations: The UPS Store, Staples, FedEx/Kinko’s and all Office Max and Office Depot locations. There may be a small fee to use the fax machine at these retail stores. Our fax line is toll free for your convenience.

### **Do I need to maintain a minimum balance in my Line of Credit?**

Yes, in order to make future withdrawals, you must maintain a minimum \$50.00 balance in your Line of Credit. **If the total outstanding loan balance is paid, then the loan will be considered paid in full and closed, resulting in no further access to funds.**

**PLEASE NOTE:** For your protection, our Reverse Mortgage Servicing Department reserves the right to request that your signature be notarized on the “*Reverse Mortgage Line of Credit Draw Request*” and the “*Reverse Mortgage ACH Direct Deposit Request*” forms when they deem it necessary.

## **MONTHLY PAYMENT PLANS**

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If you have a payment plan, the following applies to you.

### **When will I receive my payment?**

If you are set-up with Direct Deposit, your payment will be processed and submitted to the Federal Reserve Bank on the first **business** day of each month. The funds will then be forwarded to your bank for credit to your bank account.

If you prefer to have a check mailed to you, your check will be **mailed** on the **first business** day of each month.

## **FREQUENTLY ASKED QUESTIONS**

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### **I am hearing impaired, how can I reach you?**

We provide a special line for our hearing-impaired customers. Our toll free hearing-impaired telephone line (TTY) is 1-888-827-6697.

### **How will I be able to keep track of my loan balance?**

Each month you will receive a statement from us, which will show the details of your loan the interest rate you are currently being charged, your available funds and how much is owed on your loan. You can also access your loan balance by registering on our website. Simply go online to [www.myrmloan.com](http://www.myrmloan.com).

### **What is the Mortgage Insurance Premium (MIP)?**

The Mortgage Insurance Premium (“MIP”) is an FHA required fee paid directly to FHA. The purpose of MIP is to protect against the possibility your loan balance may, at some point, exceed the value of your home. This gives you and your lender protection and assurance your funds will be available if this should occur.

There are two types of MIP; “Upfront MIP” and “Monthly MIP”. At the time of your loan closing, your loan balance was charged the initial one time “Upfront MIP” fee, which was either 2% of your maximum claim amount if you chose the HECM Standard option or 0.01% of your maximum claim amount if you chose the HECM Saver option. That fee is reflected on your loan closing statement (Form HUD-1 Settlement Statement) which you received with your loan closing papers.

In addition to the upfront one time fee, each month your loan balance will be charged for the “Monthly MIP”. The amount of the required “Monthly MIP” is based on your outstanding loan balance. Each month, one twelfth of the amount is accrued to your loan balance. As your loan balance grows, the “Monthly MIP” premium will also grow. The fee is 1.25% annualized on the current outstanding balance.

### **Do the available funds in my Line of Credit earn interest?**

**No**, if your reverse mortgage payment plan includes a “Line of Credit” option, the funds available to withdraw might increase or “grow” each month. This “growth”

is not interest. Each month, the funds available in your Line of Credit are recalculated. If your available line of credit is large enough to allow you to accumulate more growth than the interest and fees charged, you may experience a line of credit growth. If your monthly interest and fees are more than your growth, you might experience a decrease in your available line of credit funds.

Even though these funds are available, you will not be charged interest until they are withdrawn.

### **Am I paying interest on the funds I have already received?**

**Yes**, per your loan documents, interest accrues on your loan balance. The amount you owe and the interest rate are reflected on your monthly statement.

### **What is the “Servicing Fee”?**

FHA has authorized a Servicing Fee to be applied to your loan balance each month. This fee pays the cost of servicing your loan, which includes: processing payments to you, monitoring proof of payment for your taxes and insurance, processing required FHA Annual Occupancy Certifications, working with you to obtain draws, answering your questions, and providing you with necessary paperwork. The monthly fee is fixed for as long as you have your loan. The fee is taken from your “Servicing Fee Set Aside” account and applied to your loan balance. The balance of this Set Aside account is reflected on your monthly statement. These funds are not available for you to draw.

### **What happens if I have an insurance loss against my property?**

If you have an insurance loss (fire, flood, etc.) to your property, based on the type of coverage you have, your insurance company will issue a check for the amount of the loss (less any deductible, depreciation, and other fees deemed applicable by the insurance company). Your insurance company will make the check payable to both you and to your reverse mortgage company. If the amount is \$2,500 or greater, HUD-FHA Guidelines require your reverse mortgage company to deposit the funds. We will hold the funds until the damage to your property has been certified as repaired. Inspection fees are paid by the homeowner. We will work with you to monitor the progress of the repairs and make payments to the contractor(s) according to the provisions of your repair contract.

### **Am I responsible for paying my Property Taxes and/or Property Insurance?** *(Homeowners, Fire etc)*

**Yes. You are responsible for paying your Property Taxes and Property Insurance** (*Homeowners, Fire, HOA dues, etc.*). If you fail to pay your property taxes or property insurance, your reverse mortgage will be in default. If you fail to make a payment on your property taxes or property insurance premium, contact Customer Service as soon as possible.

**Am I responsible for paying my Flood Insurance premium?**

**You are responsible for paying your Flood Insurance if your home is located in a flood plain.** Should FEMA determine that their official flood map reflects your property has moved into a flood plain, you will be required to carry flood insurance on your property. If you fail to pay for your flood insurance, your reverse mortgage will be in default. If you fail to make a payment on your flood insurance premium, contact Customer Service as soon as possible.

**Can I make payments to my loan and how are they applied?**

Yes you can make payments in any amount at any time. Your payments will be applied first to mortgage insurance, next to servicing fees (if applicable) then to interest and finally to principal. If the total outstanding loan balance is paid then the loan will be considered paid in full and closed, resulting in no further access to funds.

**Can I add a Power of Attorney to my loan?**

Yes you can add a Power of Attorney, (POA) at any time to act on your behalf. You must provide us with a copy of an acceptable POA form and a letter requesting that this modification be made to your loan. After a review of the POA form, we will notify you whether your request has been granted. It is advisable that you call the servicing department for guidance prior to undertaking this request.

**What should I do if I have required repairs that need to be completed?**

If you have certain repairs to your home that were required as a condition of receiving your reverse mortgage, you will receive information from us that will be mailed to you within 7-10 days from funding. This letter will provide you with a step-by-step instruction guide, which will take you through the repair process. You do not need to wait for this information before you start the repairs to your home. It is important that you get them started as soon as possible, to ensure that you are able to complete the repairs by your required deadline.

**Annual Occupancy Certification**



As part of receiving your reverse mortgage, you had to agree that you would live in your home as your primary place of residence. You can take vacations or leave the home for up to 12 months without defaulting on your reverse mortgage. However, please let us know if you are going to be out of the home for more than two consecutive months, so we can keep our records current. The Reverse Mortgage Servicing Department is required to verify, on an annual basis, that you are still living in your home. You will receive a letter from us each year, starting one year after you received your reverse mortgage. In order to certify your occupancy, you will simply need to sign your name on the document within 30 days and send it back to us.

## **HOW TO CONTACT US**

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**Reverse Mortgage Solutions, Inc.**  
**Reverse Mortgage Servicing Department**  
**2727 Spring Creek Drive**  
**Spring, TX 77373-6130**

**TOLL FREE PHONE NUMBER: 1-866-503-5559**  
(Hearing Impaired Toll Free TTY is 1-888-827-6697)

**TOLL FREE FAX NUMBER: 1-866-790-3451**

**E-MAIL: [CustomerService@myrmloan.com](mailto:CustomerService@myrmloan.com)**

**BORROWER'S WEBSITE: [www.myrmloan.com](http://www.myrmloan.com)**

**If you have any questions or concerns, please feel free to contact one of our friendly Customer Service representatives.**

**Our hours of operation are:**

Monday through Thursday - 7:00 AM to 7:00 PM CST

Friday - 7:00 AM to 6:00 PM CST

Our offices will be closed on all Federal Holidays.

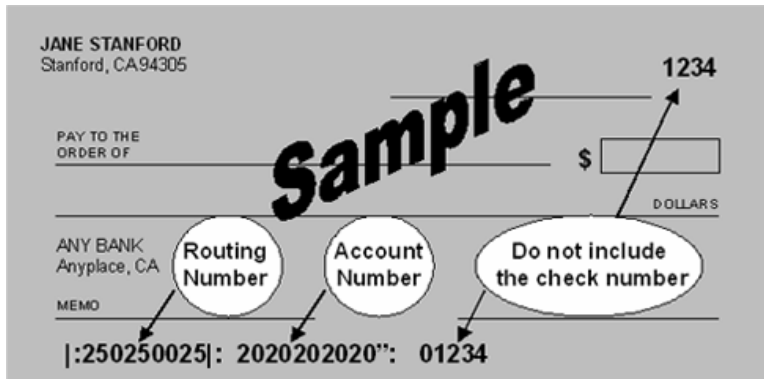
Reverse Mortgage Solutions, Inc. (RMS) is a Federal Housing Administration (FHA) approved mortgage banker. The RMS main office is located in Spring, Texas (near Houston).

## HELP WITH COMPLETING YOUR “REVERSE MORTGAGE DIRECT DEPOSIT REQUEST”

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You will need to complete the Reverse Mortgage Direct Deposit Request form and send it to us (along with an original voided check) in order to activate Direct Deposit.

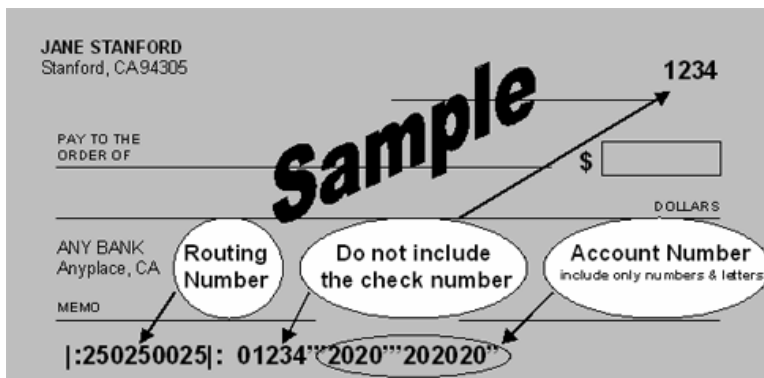
### Sample Checks



A sample check from JANE STANFORD, Stanford, CA 94305. The check is marked "Sample" in large diagonal text. It features a "PAY TO THE ORDER OF" line, a dollar amount box with "1234" written above it, and a "DOLLARS" label. The bank information is "ANY BANK Anyplace, CA". The routing number is "250250025", the account number is "20202020", and the check number is "01234". A callout bubble points to the check number with the text "Do not include the check number". The memo line contains the MICR line: "|:250250025|: 20202020": 01234".

#### Sample 1

Format most often used  
by Wells Fargo and  
Washington Mutual



A sample check from JANE STANFORD, Stanford, CA 94305. The check is marked "Sample" in large diagonal text. It features a "PAY TO THE ORDER OF" line, a dollar amount box with "1234" written above it, and a "DOLLARS" label. The bank information is "ANY BANK Anyplace, CA". The routing number is "250250025", the account number is "01234", and the check number is "2020". A callout bubble points to the check number with the text "Do not include the check number". Another callout bubble points to the account number with the text "Account Number include only numbers & letters". The memo line contains the MICR line: "|:250250025|: 01234""2020""202020"". The check number "2020" is circled in the MICR line.

#### Sample 2

Format most often used  
by Bank of America

**Some Banks may have a different format. Contact one of our Customer Service Representatives if you need help completing the form.**

## **REVERSE MORTGAGE ACH DIRECT DEPOSIT REQUEST**

I give my authorization to make deposits into my checking or savings account. This authority will remain in effect until I notify you in writing to suspend future deposits.

<b>Name of Your Financial Institution (Bank / Credit Union / FBS / etc.)</b>		<b>Loan Number</b>
<b>Indicate type of account you want credited</b>	<b>Checking Account No.</b>	<b>Savings Account No.</b>
	<b>Bank Routing Number:</b>	<b>Bank Telephone Number:</b>

### **Authorization for Automatic Deposits**

**NOTE: You must attach an ORIGINAL pre-printed voided check for checking accounts or an ORIGINAL pre-printed deposit slip for savings accounts. The account must be in the name of ALL borrowers and ALL borrowers must sign below.**

_____ <b>Borrower Signature:</b>	_____ <b>Date</b>
_____ <b>Co-Borrower Signature:</b>	_____ <b>Date</b>

\_\_\_ **Yes, I authorize RMS to send my monthly statement to me via email to the following**

**Email address:** \_\_\_\_\_

\_\_\_ **No, I would prefer to receive my monthly statement via U.S. mail.**

If we can be of further assistance, please call us at **(866) 503-5559**.

Please return this form along with your **original** voided check to:

Reverse Mortgage Servicing Dept.

2727 Spring Creek Dr.

Spring, TX 77373-6130

# Reverse Mortgage Line of Credit Draw Request

## **Borrower Information – Please Print Clearly – All Borrowers Must Sign**

Borrower Name	Loan Number		
Co-Borrower Name	Telephone Number		
Borrower Street Address	City	State	Zip

I would like to request a draw from my Reverse Mortgage Line of Credit in the amount of:

Dollars:

and 00/100<sup>th</sup> \$

Example: Six Thousand Three Hundred

Example: \$ 6,300.<sup>00</sup>

The requested funds will be sent to you according to your pre-determined method of payment. Either a check will be mailed to you, or a direct deposit will be sent to your bank account for the above amount. This disbursement will be made within **five (5) business days** of our receipt of this request.

**PLEASE NOTE:** For your protection, our Reverse Mortgage Servicing Department reserves the right to request that your signature be notarized on the “**Reverse Mortgage Line of Credit Draw Request**” form when they deem it necessary.

By signing below, I/We acknowledge that the amount of the advance that is being requested will be added to my outstanding loan balance the same day that the advance is made. The interest on the advance will begin to accrue the day after the advance is made.

\_\_\_\_\_  
**Borrower Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Co-Borrower Signature**

\_\_\_\_\_  
**Date**

**Please deliver this form using 1 of the 3 methods below:**

Mail this form to:  
Reverse Mortgage Servicing Dept.  
2727 Spring Creek Drive  
Spring, TX 77373-6130

Or:

Fax this completed form to:  
1-866-790-3451

Email this completed form to:  
[customerservice@myrmloan.com](mailto:customerservice@myrmloan.com)

**If you require assistance completing this form, please call us at 1-866-503-5559**

# SAMPLE MONTHLY STATEMENT



Statement Date: February 01, 2013  
Month Ending: January 31, 2013

## Monthly Statement

\*\*\* THIS IS NOT A BILL \*\*\*

Account Information	* Credit Line Set Aside Information
Pay Plan Type: Line of Credit	Original Credit Line: \$0.00
Funded Date: 12/27/2012	Current Gross Credit Line: \$0.00
Loan #:	Unsch. Credit Line Disb. Bal. (-): \$0.00
Borrower:	Net Credit Line Set Aside (=): \$0.00
Property:	* Modified Term or Modified Tenure only

Interest Rates				Principal Limit Information		
Interest Rate Type:		Monthly (1-Mth LIBOR)		Original Principal Limit	\$150,891.00	
Month	Index	Margin	Int. Rate	(Index+Margin)	Current Principal Limit:	\$151,454.50
January:	0.209%	2.500%	2.709%		Loan Balance (-):	\$61,040.21
February:	0.209%	2.500%	2.709%		Servicing Fee Set Aside (-):	\$0.00
March	(**) 0.204%	2.500%	2.704%		Repair Set Aside (-):	\$0.00
Your Reverse Mortgage loan has a variable-rate feature; the monthly and daily periodic rates may vary as a result. Please refer to important information found on the back of this monthly statement and on the additional page.				First Year Set Aside (-):	\$0.00	
				Credit Line Set Aside (-):	\$0.00	
				Net Principal Limit (=):	\$90,414.29	

<b>Interest Rate Information:</b>		<b>ANNUAL PERCENTAGE RATE (APR): 4.479%</b>	
<b>Loan Periodic Rates:</b>	<b>Mortgage Insurance Premium (MIP) Periodic Rates:</b>	<b>Finance Charges:</b>	
Monthly Periodic Rate on Outstanding Principal Balance: 0.226%	MIP Monthly Periodic Rate on Outstanding Principal Balance: 0.104%	Periodic Finance Charge:	\$155.40
Daily Periodic Rate on Advances or Payments: 0.007%	MIP Daily Periodic Rate on Advances or Payments: 0.003%		
Corresponding APR: 2.709%	Corresponding APR: 1.250%		

**\*\* Notice of Changes in your Interest Rate on your Adjustable Rate Reverse Mortgage**  
On March 01, 2013, the interest rate on your adjustable-rate Reverse Mortgage will decrease from 2.709% to 2.704%. Your present interest rate was based on an index value of 0.209%. To determine your new interest rate, we added the current index value of 0.204% as of January 28, 2013 as published by the Wall Street Journal, to the agreed upon margin of 2.500% for a total of 2.704%. This new rate has not been rounded to the nearest 1/8th percent. The initial interest rate on your mortgage was 2.709%, which may not be increased beyond 12.709% during the life of the mortgage.

<b>*Total Funds Available</b>
Net Credit Line Set Aside + Net Principal Limit = <b>\$90,414.29</b>
<b>*IN ORDER TO MAKE FUTURE WITHDRAWALS, YOU SHOULD MAINTAIN A MINIMUM \$50.00 BALANCE IN YOUR LINE OF CREDIT</b>

If you have any questions or would like further information on your reverse mortgage, please call our Customer Service Department.

Loan Skey:  
Rep.Skey: 69

2727 Spring Creek Drive, Spring, TX 77373  
Phone (866) 503-5559 ~ Fax (866) 790-3451 ~ TTY/TDD (888) 827-6697

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Transaction Information

Transaction Date	Effective Date	Transaction Description	Principal Advances	Interest	MIP	Servicing Fee	Cumulative Loan Advances this Month
01/02/2013	12/27/2012	Loan Setup - Init Fee (MIP/PMI)	\$0.00	\$0.00	\$4,380.00	\$0.00	\$4,380.00
01/02/2013	12/27/2012	Loan Setup - Advances (Principal)	\$56,433.11	\$0.00	\$0.00	\$0.00	\$60,813.11
01/02/2013	12/31/2012	Auto-Adjust Int Mip SF	\$0.00	\$18.05	\$8.33	\$0.00	\$60,839.49
01/31/2013	01/31/2013	Monthly Int, MIP/PMI Accrual & SF	\$0.00	\$137.35	\$63.37	\$0.00	\$61,040.21
Grand Total:			\$56,433.11	\$155.40	\$4,451.70	\$0.00	\$61,040.21

(Int) Interest - (MIP) Mortgage Insurance Premium - (SF) Servicing Fee - (Disb) Advance Disbursement - (Part Repay) Partial Repayment

**A. ANNUAL PERCENTAGE RATE (APR)**

The ANNUAL PERCENTAGE RATE for the interest portion of your FINANCE CHARGE may increase or decrease annually based upon changes in the ("Index"). Therefore, the monthly and daily periodic rates relating to the interest portion of your FINANCE CHARGE may vary. To determine the ANNUAL PERCENTAGE RATE that will apply to your Account, we add a margin to the value of the Index, subject to certain rate limitations as provided in your Reverse Mortgage Note.

The corresponding annual percentage rate for the interest portion of the FINANCE CHARGE does not include costs other than interest. The historical ANNUAL PERCENTAGE RATE includes interest and all other FINANCE CHARGES that relate to your loan.

**Loan Skey:**

2727 Spring Creek Drive, Spring, TX 77373

Rep.Skey: 69

Phone (866) 503-5559 ~ Fax (866) 790-3451 ~ TTY/TDD (888) 827-6697

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#### **B. FINANCE CHARGES**

Each advance or payment made to you or on your behalf under your Reverse Mortgage will be subject to a FINANCE CHARGE beginning on the day after each advance or payment is made. A FINANCE CHARGE will continue to be assessed on your Reverse Mortgage until the entire outstanding balance and all fees due under the Notes, Security Instruments and Loan Agreement are paid.

#### **C. INTEREST**

The interest portion of the FINANCE CHARGE on your Account is computed by (i) calculating the FINANCE CHARGE on the balance existing at the beginning of each month, which includes any payments or credits applied to your loan during the previous month, (ii) calculating the FINANCE CHARGE on each advance, payment or credit made to you or on your behalf during the month, and then (iii) adding all of these sums together, as follows:

We start with the outstanding principal balance on your Account at the beginning of each month, which includes FINANCE CHARGES from the previous month (the "Previous Loan Balance"). At the end of each month, we multiply the Previous Loan Balance by the then-current ANNUAL PERCENTAGE RATE divided by 12 (the "Monthly Periodic Rate").

At the end of each month in which any advances (also known as disbursements and labeled as "Disb" on this statement) or payments have been made to you or on your behalf, we multiply the amount of the advance or payment by the number of days remaining in the month after that advance or payment was made (not including the day the advance was made) and then multiply this amount by the then-current ANNUAL PERCENTAGE RATE divided by 365 (the "Daily Periodic Rate"). This calculation is repeated for each advance or payment made to you or on your behalf during the month.

The sum of the final result of these calculations equals the interest portion of your FINANCE CHARGE for the month.

#### **D. MORTGAGE INSURANCE PREMIUMS (MIP)**

In addition, mortgage insurance premiums ("MIP"), which are a FINANCE CHARGE, are computed by as follows:

At the end of each month, we multiply the Previous Loan Balance by your MIP rate divided by 12 (the "MIP Monthly Periodic Rate"). At the end of each month in which any advances (also known as disbursements and labeled as "Disb" on this statement) or payments have been made to you or on your behalf, we multiply the amount of the advance or payment by the number of days remaining in the month after that advance or payment was made, (not including the day the advance was made) and then multiply this amount by your MIP rate divided by 365 (the "MIP Daily Periodic Rate"). This calculation is repeated for each advance or payment made to you or on your behalf during the month.

The sum of the final result of these calculations equals the mortgage insurance portion of your FINANCE CHARGE for the month.

#### **E. CALCULATION OF BALANCES**

The "Principal Limit Information" section on the front of the monthly statement shows your "Original Principal Limit" and your "Net Principal Limit" which includes any "Set Asides". The "Loan Balance" section on page 2 of this monthly statement shows your prior month's Previous Loan Balance and your current month's Closing Loan Balance, which includes the current month's activity. If you would like to determine your payoff balance or if you have any questions on this monthly statement, please call the telephone number listed on the bottom of this monthly statement.

#### **F. OTHER INFORMATION**

We compute the interest and other fees assessed on your loan monthly. This information is available on page 2 of this monthly statement each month. This monthly statement indicates both the current month and year to date interest and other fees. If you repay all or a portion of your loan balance and the annual interest paid due to a repayment exceeds \$600, a separate IRS Form 1098 will be mailed to you by January 31st. Interest accrued on this loan, other than repayments, will not be reported to the IRS until the loan is paid in full.

#### **G. BILLING RIGHTS SUMMARY**

In case of errors or questions about your loan monthly statement, you will need to contact us as follows:

If you think your monthly statement is wrong or you need more information about a transaction on your monthly statement, write us at Reverse Mortgage Service Center, Attn: Billing Department, 2727 Spring Creek Drive, Spring, Texas 77373. Write to us as soon as possible. We must hear from you no later than 60 days after we send you the FIRST monthly statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

1. Your name and loan number
2. The dollar amount of the suspected error
3. Describe the suspected error and explain, if you can, why you believe there is an error.

We will acknowledge your letter within 30 days. Within 90 days, we will either correct the error or explain why we believe the monthly statement was correct. If we determine the monthly statement was not correct, we will credit the disputed amount along with any associated interest charges. While under investigation, you will continue to see the disputed amount on your monthly statement; however, you do not have to pay any disputed amount or the interest charges that apply to it. Even though payments are not required on a reverse mortgage, by law, you are still required to meet all obligations as outlined in your Notes, Security Instruments and Loan Agreement. This includes paying your property taxes and insurance premiums.

#### **H. CREDIT INFORMATION**

Regular monthly installment payments are not required on this loan unless you have a repayment plan for a delinquent account. However, you have the obligation to pay your property taxes and insurance premiums. The loan must be repaid in full in one payment if your loan has been called "Due and Payable". Payments may be made by check, money order or wired funds, payable in U.S. Dollars. Do not send cash. Payments must be mailed to the address listed on the bottom of this monthly statement. Payments are allocated as described in your Note.