

Financial Freedom First to Begin Originating LIBOR Indexed HECM Reverse Mortgage

Financial Freedom announced today the introduction of Financial Freedom's HECM Monthly LIBOR 65 product, its first London Interbank Offered Rate (LIBOR) indexed Home Equity Conversion Mortgage (HECM).

Oct. 15, 2007 - [PRLog](#) -- Financial Freedom First to Begin Originating LIBOR Indexed HECM Reverse Mortgage

HECM LIBOR Expected to Offer Lower Interest Cost for Consumers and Greater Appeal to Secondary Market

Irvine, CA – October 15, 2007 - Financial Freedom, a subsidiary of IndyMac Bank F.S.B. (Indymac Bank®) and the nation's largest originator of reverse mortgages, announced today the introduction of Financial Freedom's HECM Monthly LIBOR 65 product, its first London Interbank Offered Rate (LIBOR) indexed Home Equity Conversion Mortgage (HECM). The interest rate for this product is calculated based on the One-Month LIBOR index and provides borrowers with all the features and benefits of other HECM reverse mortgages. Financial Freedom began taking applications on October 13.

"We are focused on continually developing new products that provide seniors with access to a range of financial options to best meet their needs," said Michelle Minier, CEO of Financial Freedom. "HECM Monthly LIBOR 65 joins our existing line of HECM products resulting in the broadest HECM product suite in the reverse mortgage industry."

Financial Freedom offers a range of HECM and proprietary reverse mortgages including HECM Monthly CMT 100, HECM Annual, and HECM Fixed. Financial Freedom's proprietary Cash Account Advantage, the industry's most popular jumbo reverse mortgage, available since 2000, also calculates its interest rate based on a LIBOR index.

In July, the U.S. Department of Housing and Urban Development, which regulates and insures HECM reverse mortgages, approved the One-Month and One-Year London Interbank Offered Rate ("LIBOR") as acceptable indices for calculating the interest rate on federally-insured reverse mortgages, in addition to the U.S. Treasury index that is used now.

Fifteen years of analysis on interest rate index data indicates that in most interest rate environments, the HECM Monthly LIBOR 65 offers cash benefits that are close to those of the HECM Monthly CMT 100, while offering the prospect of lower interest cost over time. In fact, there is no five-year period; a typical time period for a HECM loan to be outstanding, in the past fifteen years for which One-Month LIBOR+65 did not average less than One-Year CMT+100, the dominant index and margin in the market today. Over the fifteen-year period, it averaged 35 basis points (0.35%) less. Applying that average difference to the typical HECM loan (approximately \$100,000 at origination) over a five-year life would result in more than \$2000 of interest savings for the senior. The new LIBOR product should appeal to those seniors who are willing to sacrifice a small measure of cash benefit in exchange for the prospect of lower interest cost over time on their reverse mortgage.

In addition to offering benefits to seniors, LIBOR-based products hold great appeal to secondary market investors. As most investors have LIBOR-based funding costs, and thus seek LIBOR-based investments, the secondary market for LIBOR-based HECM should be broader and more reliable than that for Treasury-based HECM. The secondary market for the latter has been heavily disrupted during the current

credit crunch.

About Financial Freedom

Financial Freedom Senior Funding Corporation, a subsidiary of IndyMac Bank, F.S.B., headquartered in Irvine, California, is the largest originator/lender of reverse mortgages in the United States. Financial Freedom originated over \$5 billion in loan fundings on \$15.2 billion in home value in reverse mortgages in 2006 and is now the largest servicer of reverse mortgages with a servicing portfolio of over 130,000 loans.

Financial Freedom developed the Reverse Mortgage Analyzer, the industry's first reverse mortgage software, that helps lenders compare the benefits between the HECM, Fannie Mae and the Cash Account products. The Reverse Mortgage Analyzer has been a powerful tool since 1997 and is the industry standard with more than 28,000 registered users. In addition, this RMA software application has been used to train counselors.

Financial Freedom is also founding member of the National Reverse Mortgage Lenders Association. NRMLA is a nonprofit trade association, based in Washington, DC, whose mission is to support the continued evolution of reverse mortgages as an important financial option for senior homeowners while educating both its members and consumers about the varied applications of this unique loan. For more information, visit the Financial Freedom Web site at www.financialfreedom.com.

Members sign a Code of Conduct pledging to abide by guidelines that assure fair, ethical, and respectful practices in offering and making reverse mortgages to seniors. For more information, visit the NRMLA Web site at www.reversemortgage.org.

®2007 Registered trade/service marks are property of Financial Freedom Senior Funding Corporation, A Subsidiary of IndyMac Bank, F.S.B.

©2007 Financial Freedom Senior Funding Corporation

About Indymac Bank

IndyMac Bank, F.S.B. (Indymac Bank®), the 7th largest savings and loan in the nation, is the principal subsidiary of IndyMac Bancorp, Inc. ("Indymac®" or the "Company"). Indymac Bank, operating as a hybrid thrift/mortgage banker, provides fair and competitive home financing products. All of the assets and operations of IndyMac are held or conducted within the federally-insured, thrift depository institution, Indymac Bank, whose primary funding consists of bank deposits, Federal Home Loan Bank advances, long term debt and equity. Indymac Bank's home mortgage products consist primarily of single family, first lien mortgages, 90% of which are saleable to the GSEs (Fannie Mae, Freddie Mac, or Ginnie Mae) today. In addition, Indymac offers jumbo, full-documentation home loans (loans that exceed the current GSE loan size limits) and home equity lines of credit to prime credit quality borrowers. The prime home equity loans are subject to a maximum 90% CLTV. Indymac does not offer any subprime loans which are not saleable to the GSEs. Indymac Bank also provides FDIC-insured retail banking products to facilitate consumers' personal financial goals.

For more information about Indymac and its affiliates, or to subscribe to the Company's Email Alert feature for notification of Company news and events, please visit <http://about.indymacbank.com/investors>. To visit Indymac's corporate blog, please visit <http://www.theimbreport.com>

Website: www.financialfreedom.com

--- End ---

Source	Financial Freedom
Website	https://www.financialfreedom.com
Industry	Reverse mortgage, Financial freedom
Link	https://prlog.org/10034318



Scan this QR Code with your SmartPhone to-

- * Read this news online
- * Contact author
- * Bookmark or share online