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Top 10 Reverse Mortgage Myths Dispelled

Irvine, CA – August 8, 2007 – As reverse mortgages have continued to grow in popularity, so have a range of myths and misinformation about these unique loans. Fortunately, there's more and better information available today than just a few years ago. However, as seniors, the adult children of seniors and advisors are exploring reverse mortgages more than ever before, some old myths still linger and new myths have emerged. Let's take a look at some of the most common misconceptions and discuss the facts.

1. The bank takes the house OR the borrower can lose the house.

With a reverse mortgage, the borrower retains title to the home throughout the life of the reverse mortgage. The borrower cannot, as a result of the reverse mortgage be forced out of his or her home, as long as property charges, such as taxes and insurance, are paid and the home is maintained in reasonable living condition. Once the last borrower permanently moves out of the home, the loan must be repaid. Most properties secured by reverse mortgages still have equity when a maturity event occurs and therefore the borrower or his/her heirs choose to sell the home to repay the loan and preserve this equity for the benefit of the borrower or his/her estate.

2. The home must be paid off or be debt-free to qualify for a reverse mortgage.

Reverse mortgages convert home equity into cash. As long as there is sufficient equity in the property, the homeowner may be eligible for a reverse mortgage. In fact, many seniors use a reverse mortgage to pay off an existing mortgage in order to eliminate a required monthly mortgage payment.

3. When a reverse mortgage becomes due, the bank sells the home.

The borrower is in control of the home and retains title, not the bank or lender. So while it's common for the borrower or the heirs to sell the home to repay the loan, it's a decision the borrower or his heirs make. The borrower or the heirs might also refinance the home in order to repay the loan.

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4. It's cheaper to move to a smaller house.

While this strategy might be right for different reasons, seniors need to analyze their costs carefully before making this assumption. The process of selling a home and moving into a new home can be expensive. The typical real estate commission of 6% on a \$300,000 home would be \$18,000. Add moving costs, and the undertaking to find a new home and the decision is not as simple.

5. Children want the home or don't feel comfortable with a reverse mortgage.

Seniors are encouraged to talk with their children about reverse mortgages. Many baby boomers are faced with trying to plan for their retirement and pay for their children's education. Often, the children of many seniors are happy that their parents have a financial solution available to help them live more independently and financially secure.

6. The borrower could end up owing more than the home is worth.

Two of the great safeguards for reverse mortgages are that they are structured so that the borrower or his estate can never owe more than the value of the home upon repayment. In addition, the HECM products are insured by the Federal Housing Administration, an arm of the U.S. Department of Housing and Urban Development (HUD).

7. Reverse mortgage proceeds will impact Social Security and Medicare benefits.

A reverse mortgage will generally not affect regular Social Security payments or Medicare benefits. Depending upon the borrower's situation, a reverse mortgage may affect benefits one receives, if any, from the Federal Supplemental Security Income (SSI) program, or state-administered programs like Medicaid. It is recommended that the borrower speak with his or her financial advisor and appropriate governmental agencies.

8. There are restrictions on how the money is used.

Actually there are no restrictions. The cash proceeds from the reverse mortgage can be used for any purpose. It is recommended that the borrower speak to a financial advisor. Many seniors have used reverse mortgages to travel, pay off debts, help their kids, make a luxury purchase or just live more comfortably.

9. Once the proceeds are received, taxes will need to be paid.

The cash proceeds from a reverse mortgage are tax free because it is already your money. It is recommended that the borrower consult with a financial advisor.

10. Reverse mortgages are only for seniors in need, or for the ‘house rich, cash poor.’

The reverse mortgage is an excellent financial planning tool that has been used by homeowners from all walks of life to enhance their retirement years. Increasingly, lenders are seeing interest and growth among jumbo reverse mortgages geared toward borrowers whose homes exceed the FHA lending limits, which peak below \$400,000. Many seniors with multi-million dollar homes are using reverse mortgages as part of their estate or legacy planning in conjunction with advice from financial advisors.

About Financial Freedom

Financial Freedom Senior Funding Corporation, a subsidiary of IndyMac Bank, F.S.B., headquartered in Irvine, California, is the largest originator 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 industry’s first reverse mortgage software, the Reverse Mortgage Analyzer, to help 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.

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IndyMac Bancorp, Inc. (NYSE: IMB) (Indymac[®]) is the holding company for IndyMac Bank, F.S.B. (Indymac Bank[®]), the 7th largest savings and loan and the 2nd largest independent mortgage lender in the nation. Indymac Bank, operating as a hybrid

thrift/mortgage banker, provides cost-efficient financing for the acquisition, development, and improvement of single-family homes. Indymac also provides financing secured by single-family homes and other banking products to facilitate consumers' personal financial goals.

With an increased focus on building customer relationships and a valuable consumer franchise, Indymac is committed to becoming a top five mortgage lender in the U.S. by 2011, with a long-term goal of providing returns on equity of 15 percent or greater. The company is dedicated to continually raising expectations and conducting itself with the highest level of ethics.

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