

## Reverse Mortgage Lender Announcement

2008-12-10

### Annuity Policy for Brokers

#### Prohibitions Involving Annuity Sales or Referrals

<p><b>Overview</b></p>	<p>An annuity is a complex financial transaction. The originator must not advise the applicant as to the financial soundness of purchasing an annuity, investment or insurance product in conjunction with a reverse mortgage loan.</p> <p>If the borrower independently chooses to purchase an annuity, investment or insurance product using proceeds from a reverse mortgage loan, Bank of America prohibits any referral or other similar arrangement, whether or not compensated, between any party involved in the origination of the reverse mortgage loan and the seller of the annuity, investment, or insurance product.</p> <p>The borrower is further advised to consult with an attorney or accountant, who is in the bona fide business of generally providing tax or other legal or financial advice, before purchasing an annuity, investment, or insurance product with reverse mortgage proceeds.</p>
<p><b>Annuities, Investment or Insurance Products - Sale or Referral is Strictly Prohibited</b></p>	<p><b>Brokers who originate reverse mortgage loans are prohibited from the following activities at all times, both prior to the closing of the loan and before the expiration of the customer's right to rescind (if applicable under state or federal law):</b></p> <ul style="list-style-type: none"> <li>• Offering or selling annuities, investments or insurance products to reverse mortgage applicants or existing reverse mortgage customers at any time</li> <li>• Conditioning the approval of a reverse mortgage on the required purchase of an annuity, investment or insurance product.</li> <li>• Applying any undue pressure or appearance of pressure for an applicant to purchase another product of the mortgage originator or mortgage originator's company.</li> <li>• Accepting an incentive or any form of compensation from an entity that offers an annuity, investment or other financial product or service.</li> <li>• Advising the applicant / borrower and referring the applicant / borrower to any other party for the purchase of an annuity, investment or insurance product at any time</li> <li>• Accepting a referral for a reverse mortgage that is being originated for the purpose of purchasing an annuity, investment or insurance product</li> </ul>
<p><b>Information Regarding Intent to Purchase an Annuity Form</b></p> <p><b>continued</b></p>	<p>All application packages will include the <i>Information Regarding Intent to Purchase an Annuity Form</i>. This form, along with the Frequently Asked Questions on the second page, should be covered in detail with the applicant(s). All applicant(s) as well as the Broker are required to sign this form at time of application.</p> <p>Should the applicant respond <b>Yes</b> to the question <b>Are you considering purchasing an annuity as part of your reverse mortgage transaction?</b>, fill out the remainder of the form and inquire whether the applicant has considered the following:</p> <ul style="list-style-type: none"> <li>• <b>Has the customer discussed with an independent third party (not involved in the transaction) whether an annuity is an ideal financial tool for them?</b></li> <li>• <b>Is the customer aware of the difference between Deferred and Immediate Annuities?</b></li> <li>• <b>If they are considering a Deferred Annuity, have they considered their cash flow while waiting for the annuity payments to start?</b></li> <li>• <b>Is the customer aware of the difference between Fixed and Variable payment Annuities?</b></li> <li>• <b>Have they shopped annuity providers? The annual fees, management expenses and surrender fees will often vary by annuity, investment or insurance product and provider.</b></li> </ul> <p>In addition, if the applicant responds <b>Yes</b>, that they are considering purchasing an annuity as part of the reverse mortgage transaction, the Broker should contact the Bank of America Underwriting Support Desk at <a href="mailto:reverseunderwriting@bankofamerica.com">reverseunderwriting@bankofamerica.com</a> to request the issuance of a new TALC for the applicant to execute and return.</p>

<p><b>continued</b></p>	<p>The Broker should again emphasize to the customer that they should consult with an attorney or accountant, who is in the bona fide business of generally providing tax or other legal or financial advice, before purchasing an annuity with reverse mortgage proceeds.</p> <p>Annuities are complex transactions and Bank of America wants to ensure the customer is making an informed, educated decision. <b>Do not attempt to answer annuity, investment or insurance product questions or counsel the borrower on the purchase of an annuity, investment or insurance products.</b> These are questions that should be asked of a professional licensed to sell annuities, investments, or insurance products. Customers can get additional information from the American Association of Retired Persons (AARP), which provides independent information on reverse mortgages and annuities, investments or insurance products. They can be contacted at 1.888.687.2277 or <a href="http://www.aarp.org/">http://www.aarp.org/</a>. Customers may also find information at the Insurance Information Institute at <a href="http://www.iii.org/">http://www.iii.org/</a>.</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• While not recommended or endorsed by Bank of America, a customer cannot be prohibited from investing their reverse mortgage proceeds in an annuity, investment or insurance product after funding.</li> <li>• The signed <i>Information Regarding Intent to Purchase an Annuity Form</i> must be submitted to fulfillment with the completed application.</li> </ul>
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**This policy replaces Reverse Mortgage Lender Announcement 2008-6-2 in its entirety.**

**For a listing of past Lender Announcements as well as additional online resources, please visit:**  
<https://reverseb2b.bankofamerica.com/>