

Pat O'Neil

From: msuits@metlife.com
Sent: Monday, April 12, 2010 10:56 AM
To: msuits@metlife.com
Subject: MetLife Reverse - Borrowers Making Payments Towards Reverse Mortgage Note

To my valued business partners,

I have had several questions in regards to borrowers making payments towards their reverse mortgages and how the funds would be distributed. As well as if the borrowers would receive a 1098 statement in order to claim interest paid, to allow the borrowers to claim the property tax discount on their yearly tax bill. So to answer all the questions, below is the statement I received from our servicing department. Please let me know if you have any questions.

Borrowers can always make a voluntary partial prepayment on their loans at any time - regardless of interest rate type (fixed or closed end). However, the Note dictates how that partial prepayment must be applied. In other words, the borrower cannot say that they want a particular prepayment to be applied only to interest, or only to principal, etc. We have to follow this methodology for each prepayment:

- 1) First, to accrued MI
- 2) Second, to accrued monthly servicing fees
- 3) Third, to accrued interest
- 4) Last, to principal

If the borrower makes any partial prepayments and any accrued MI or accrued interest are paid down on the loan, then the borrower would receive a 1098 mortgage interest statement at the end of the year (mailed in January of each year). The borrower could then use that 1098 statement to take to their tax preparer to deduct that paid MI and/or interest from their taxes.

On the ARM/open ended loan, the borrower will be able to reclaim that portion of their funds through the open LOC. The LOC must still be open in order to be able to access the funds.

If the borrower has a Fixed Rate/closed end loan, the borrower would never be able to re-borrow those specific funds from their reverse mortgage after the prepayment is made. The only way they could is if they were to refi the HECM in to another HECM loan.

The outline of the repayment can also be found on the Note, to allow you to display the process to your borrowers as well.

I hope that this helps explain the process.

Again please let me know if you have any follow up questions.

Thank you for your business and continued support of MetLife Home Loans, it is very appreciated.

Sincerely,

Mike Suits
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