



FIRST AMERICAN TITLE INSURANCE COMPANY

5775 Glenridge Drive, Suite A-200, Atlanta, GA 30328

404-250-1604 Fax: 404-250-1609

Date: October 15, 2004

Underwriting Bulletin No. GA-101

To: All Agents of First American Title Insurance Company and Attorney's Title Guaranty Fund

Subject: Reverse Mortgage (Trust Mortgagor)

First American has been approached by Financial Freedom Senior Funding Corp., who makes Reverse Mortgage loans on property that is held in trust. This lender has expressed concern when they are lending to the surviving spouse who is sole remaining trustee under a family trust. Usually, family trusts are set up to split the trust upon the death of one of the trustees into a survivor's trust which generally remain revocable, and an irrevocable trust that can be invaded by the survivor when necessary for the survivor's health or well-being. This is done to minimize the liability for estate taxes.

To properly underwrite these situations, you must obtain and review the trust agreement for authority of the trustee to enter into a transaction like a Reverse Mortgage. This would include checking to make sure that the surviving trustee retains all their powers upon the death of the other trustee, reviewing the trust agreement for barriers to encumbering some or all of the property that has gone to the irrevocable trust, and where necessary getting consents of other parties who may have the right to object.

If these procedures are followed and you are convinced that the surviving trustee has the power to enter into and complete your transaction, you may issue the endorsement attached to this bulletin. If you have any questions, please feel free to contact the State Underwriting Department at (800) 328-2642 or 404-250-1609.

F.A. Form _____

Reverse Mortgage (Trust Mortgagor)

ENDORSEMENT

Attached to Policy No. _____

Issued By

First American Title Insurance Company

The Company agrees with the Insured that advances made subsequent to Date of Policy pursuant to the terms of the insured mortgage or the loan agreement and/or note which are secured by the insured mortgage, shall be included within the coverage of the policy, not to exceed the face amount thereof~ provided the vestee named in Schedule A is the owner of the estate or interest covered by the policy at the date any such advance is made and subject to the limitations hereinafter set forth.

The Company insures the insured against loss or damage sustained or incurred by reason of:

1. The invalidity, unenforceability or loss of priority of the lien of the insured mortgage as security for the principal balance of the loan, including any unpaid interest which was added to principal in accordance with the provisions of the insured mortgage, interest on interest, or interest as changed in accordance with the provisions of the insured mortgage, which invalidity, unenforceability or loss of priority is caused by (a) changes in the rate of interest; (b) interest on interest; or (c) increases in the unpaid principal balance of the loan resulting from the addition of unpaid interest.
2. The invalidity, unenforceability or loss of priority of the lien of the insured mortgage as security for the principal balance of the loan, including any increases thereto and any interest or other charges imposed pursuant to the terms of the insured mortgage or the loan agreement and/or note which are secured by the insured mortgage, which invalidity, unenforceability or loss of priority is based upon the lack of authority of the trustee or trustees named as vestee under Schedule A, to (a) enter into a reverse mortgage loan and encumber the estate or interest covered by the policy for the purposes of securing a reverse mortgage loan issued by the insured; or (b) invade the principal of the trust.
3. The failure of advances made subsequent to Date of Policy pursuant to the terms of the insured mortgage or the loan agreement and/or note which are secured by the insured mortgage to have the same priority over liens, encumbrances and other matters disclosed by the public records as advances secured by the insured mortgage at Date of Policy, except for the following matters, if any, created or coming into existence subsequent to Date of Policy:
 - a. Federal tax liens.
 - b. Liens, encumbrances or other matters, the existence of which are actually known to the insured prior to date of such advances, if the advance is made subsequent to the occurrence of a default (of which the insured has actual knowledge, but which has not either been cured by the

vestee or waived by the insured) under the terms of the insured mortgage and/or note or loan agreement secured by the insured mortgage;

c. Bankruptcies affecting the estate or interest of the vestee prior to date of such advances;

d. Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or

e. Environmental protection liens.

“Changes in the rate of interest”, as used in this endorsement, shall mean only those changes in the rate of interest calculated pursuant to the formula provided in the insured mortgage at Date of Policy. This endorsement does not insure against loss or damage based upon (a) usury, or (b) any consumer credit protection or truth - in - lending law. If this endorsement is attached to a former ALTA Loan Policy - 1970, then the reference hereinafter referred to as Section 8(d) shall be deemed to refer to Paragraph 8(b). This endorsement is made a part of the Policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto, except that the insurance afforded by this endorsement is subject to neither Section 3(d) of the Exclusions From Coverage nor Section 8(d) of the Conditions and Stipulations. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the Policy and any prior endorsements, nor does it extend the effective date of the Policy and any prior endorsements, nor does it increase the face amount thereof.

[Witness clause optional]

Date: _____

First American Title Insurance Company

By: _____
Authorized Signatory