

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

Terme Mortgage, Inc. forms a Strategic Partnership with Vacation Finance to Promote Reverse Mortgages as a Tool for Vacation Homes.

Summit, Illinois – July 27, 2007 – Terme Mortgage, Inc. (the “Mortgage Company” or “Terme”), a subsidiary of Terme Bancorp, Inc. (Pink Sheets: TMEB.PK), announced today that it has entered into a strategic relationship with Vacation Finance, America’s First Second Home Lender™, to promote Reverse Mortgages as a tool in the Second Home markets.

Through Terme’s Business Advisor Program, Vacation Finance will be able to work with seniors who are looking to acquire a retirement home, second home, fractional, or condo hotel property. By using a Reverse Mortgage, Vacation Finance’s seniors can access their home equity to obtain cash for various functions such as a down payment on their retirement home, taxes, insurance and other maintenance for their property. Additionally, its clients that own second homes may be eligible for one of Terme’s Proprietary Reverse Mortgages on their second home.

“Reverse Mortgages and the Baby Boomer Generation are right in the sweet spot of our customer base and for those looking to relocate to warmer climates, buy a second home in a place like Florida or Arizona, or a condo hotel property in a major metropolitan area, Reverse Mortgages can make those options a reality. A Reverse Mortgage is an excellent financial product for making these second home dreams happen or increasing cash flow for seniors by using a Reverse Mortgage to pay-off their existing second home,” said Bob Waun, CEO of Vacation Finance.

“We are thrilled to partner with Vacation Finance. Bob’s team of world class mortgage professionals provide their clients with exceptional service and by working together, they can expand their arsenal of tools to provide creative solutions for their clients,” said George Yedinak, President of the Mortgage Company. “Reverse Mortgage products that incorporate features for second homes will continue to grow as seniors are becoming more mobile and travel across the country.”

Terme Mortgage, Inc. is headquartered at 1255 N. State Parkway #1 South, Chicago, Illinois and can be found on the Internet at <http://www.termemortgage.com> or via telephone at 866-386-4951.

Terme Bancorp, Inc. is headquartered at 5818 S. Archer, Rd. in Summit, Illinois and can be found on the Internet at <http://www.termebancorp.com>.

Vacation Finance, Inc. is headquartered in Birmingham, Michigan and can be found on the Internet at <http://www.vacation-finance.com>.

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