

NATIONAL REVERSE MORTGAGE LENDERS ASSOCIATION

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NEWS RELEASE

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Larger Reverse Mortgages Available to Seniors In 2006

WASHINGTON, DC - Older homeowners will be able to convert a greater portion of the equity in their homes into tax-free income using a reverse mortgage starting next year because of new, higher loan limits, the National Reverse Mortgage Lenders Association announced today.

The increases will affect two reverse mortgage products: the federally insured Home Equity Conversion Mortgage (HECM), which accounts for 90 percent of all reverse mortgages made in the U.S., and the Fannie Mae Home Keeper loan.

The loan limits for the HECM product vary by geographic area. The highest of the loan limits -- applicable generally to major metropolitan areas -- will grow from \$312,896 to \$362,790. The lowest loan limit, which generally applies to rural and non-metropolitan areas, will grow from \$172,632 to \$200,160. HUD must first issue an FHA Mortgagee Letter before the new loan limits take effect. A letter should be forthcoming around the New Year.

Fannie Mae's national loan limit for single-family mortgages -- which includes Home Keeper loans -- will rise next year to \$417,000 from the current limit of \$359,650. The Home Keeper loan limit is 50 percent higher for Alaska, Hawaii, and the U.S. Virgin Islands.

"These increases in the loan limits for the HECM and Home Keeper products will enable seniors to access greater amounts of equity in their homes, providing a powerful tool for addressing their financial needs through retirement," said Peter Bell, president of NRMLA.

Approximately 79.8 percent of the 3,226 counties (2,575) in the U.S. are currently at the lowest HECM loan limit (\$172,632). Only 104 counties, or 3.2 percent of the total, are at the current maximum loan limit (\$312,896). The balance are somewhere in between. While counties at the "floor" are guaranteed to rise from \$172,632 to \$200,160, there is no guaranty that counties at the current "ceiling," or in between the floor and ceiling, will rise immediately.

To view the current lending limit in your county, go online to <https://entp.hud.gov/idapp/html/hicostlook.cfm>.

A reverse mortgage is a unique loan that enables senior homeowners (62+) to convert part of the equity in their homes into tax-free income without having to sell the home, give up title, or take on new monthly mortgage payments.

Borrowers can choose to receive reverse mortgage funds as a lump sum, monthly income, or line of credit, or as a combination of these. Borrowers can use the funds for any purpose, including home repairs and improvements, medical expenses, in-home care, education, and supplemental retirement income. No mortgage payments are due during the life of the loan. The loan becomes repayable when the borrower sells the home or permanently moves out. In addition, the repayment amount can never exceed the value of the home.

To educate consumers about reverse mortgages, NRMLA has created a booklet entitled *Just the FAQs: Answers to Common Questions About Reverse Mortgages*. This free booklet answers frequently asked questions, provides detailed information on the loan origination process, and includes a Code of Conduct for lenders, so that consumers can know their rights when working with a lender. The booklet may be obtained by calling NRMLA at 1-866-264-4466 (toll-free), or ordering a copy through our web site at www.reversemortgage.org.

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. 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. Details on NRMLA, reverse mortgages, a reverse mortgage calculator, and a list of reverse mortgage lenders in each state are available on NRMLA's Web site, at <http://www.reversemortgage.org/>.