

NATIONAL REVERSE MORTGAGE LENDERS ASSOCIATION
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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Reverse Mortgage Volume Nearly Doubles From Last Year

Washington, D.C.- Fueled by rising home values, larger sales forces, and increased consumer acceptance, the number of federally insured reverse mortgages made in the U.S. in 2006 grew by 77 percent, according to the National Reverse Mortgage Lenders Association.

During the most recent federal fiscal year, ending September 30, the Federal Housing Administration (an arm of the U.S. Department of Housing and Urban Development), insured 76,351 Home Equity Conversion Mortgages (HECMs) compared to 43,131 the prior year.

"More seniors are recognizing that traditional retirements tools, such as IRAs, pensions, and 401(k)s are not providing sufficient income to help fund everyday living expenses and healthcare," said Peter Bell, President of NRMLA. "Thru proper education, more retirees are recognizing that the home they have lived in for so many years can now take care of them by using a reverse mortgage to access the equity accumulated over 20, 30, 40 years, to help them living more comfortably."

The Santa Ana, Calif., metropolitan area displaced Los Angeles as the top reverse mortgage market in the country with 5,825 loans funded (compared to 3,067 in 2005), followed by Los Angeles (5,758, compared to 3,915 in 2005); Sacramento, Calif. (3,625, compared to 2,161 in 2005); Coral Gables, Fla. (3,577, compared to 1,387 in 2005); San Francisco, Calif. (3,353, compared to 2,040 in 2005); New York City (2,492, compared to 1,454 in 2005); Fresno, Calif. (2,461, compared to 942 in 2005); Phoenix (2,438 compared to 720 in 2005); Boston (2,263 compared to 1,148 in 2005); and Denver (1,947 compared to 1,515 in 2005) to round out the top 10.

NRMLA attributes the explosive growth to several factors, including high home appreciation rates in many parts of the country, which allow seniors to access greater amounts of equity; more lenders offering the product (NRMLA now represents about 500 firms nationwide compared to 370 last year at this time); and greater acceptance of reverse mortgages as a wealth management tool.

Indeed, the government's top housing official, Brian Montgomery, who serves as FHA Commissioner and Assistant Secretary of Housing at HUD, commented at NRMLA's Annual Meeting in September, that he anticipates reverse mortgages will one day be as commonplace as 401(k)s and other retirement planning tools.

"HUD has gone to great lengths to educate community leaders and senior advocates about the potential benefits of reverse mortgages, which has helped make more people comfortable with recommending the product to their elderly clients," Bell noted. "I think Commissioner Montgomery deserves as much credit as anyone for helping to make reverse mortgages a more mainstream financial planning tool."

A reverse mortgage is a loan that enables homeowners 62 or older to borrow against the equity in their home, without having to sell the home, give up title, or take on new monthly mortgage payments. Loan proceeds can be used for any purpose, and taken out as a lump sum, fixed monthly payments, line of credit (except in Texas), or a combination. The loan amount depends on the borrower's age, current interest rates, and

the value and location of the home. A reverse mortgage does not have to be repaid until the borrower moves out of the home permanently, and the repayment amount cannot exceed the value of the home. After the loan is repaid, any remaining equity is distributed to the borrower or the borrower's estate.

A senior's home does not have to be owned free and clear to qualify for a reverse mortgage. NRMLA distributes a free information booklet on reverse mortgages, called *Just the FAQs: Answers to Common Questions About Reverse Mortgages*. Consumers can order it by telephone (1-866-264-4466, toll-free) or at NRMLA's Web site, <http://www.reversemortgage.org>.

The Web site has extensive information on reverse mortgages, a state-by-state list of lenders, and a reverse mortgage calculator. To be listed on the NRMLA website, a lender must agree to abide by the Association's Code of Conduct and operate in accordance with its Best Practices.

NRMLA is a nonprofit trade association, based in Washington, DC, whose members make and service reverse mortgages throughout the U.S. and Canada. 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.

[Note to Reporters and Editors: NRMLA can provide statistics and comment on reverse mortgages, and help find reverse mortgage borrowers and lenders in your area for interviews.]

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