

AT A GLANCE: **Reverse Mortgages**



What's the story on reverse mortgages?

National headlines continue to decry the poor state of the nation's economic climate. These news stories do an excellent job of capturing the public's collective fiscal anxiety, but rarely convey what individuals can do to empower themselves and alter their own personal financial landscapes.

The issue of economic empowerment is especially acute in the senior population—a community that is often misunderstood and misrepresented when it comes to the debate over personal financial management.

In order to cut through the rhetoric and misinformation, a national survey of seniors (and their adult children) was conducted in order to get an accurate snapshot of the key financial issues facing our nation's seniors. The information gleaned from the surveys was unsettling, and yet, wholly unsurprising:

“As the conversation turned from economic woes to potential solutions, reverse mortgages emerged as not only a viable, but also an effective method of facing difficult economic circumstances.”

- **Seniors (and their adult children) are deeply worried** about the current economic situation, and the consistent sentiment is that the nation is facing “tougher times” ahead.
- **An overwhelming majority of seniors think** that their best financial strategy is for them to pay their bills and not worry about leaving an inheritance. Their adult children agreed.
- **Seniors want to stay in their homes** for the rest of their lives; and
- **More than 40 percent of the respondents worry** that they will not have enough money in the future to lead the kind of life they would want.

As the conversation turned from economic woes to potential solutions, reverse mortgages emerged as not only a viable, but also an effective method of facing difficult economic circumstances.

What is a ‘reverse mortgage’?

Reverse mortgages are available to seniors 62 years-old and older with significant home equity. They are designed to enable elderly homeowners to borrow against the equity in their homes without having to make monthly payments as is required with a traditional “forward” mortgage or home equity loan. Under a reverse mortgage, funds are advanced to the borrower and interest accrues, but the outstanding balance is not due until the last borrower leaves the home, sells or passes away. Borrowers may draw down funds as a lump sum at loan origination, establish a line of credit or request fixed monthly payments for as long as they continue to live in the home.

Why a reverse mortgage?

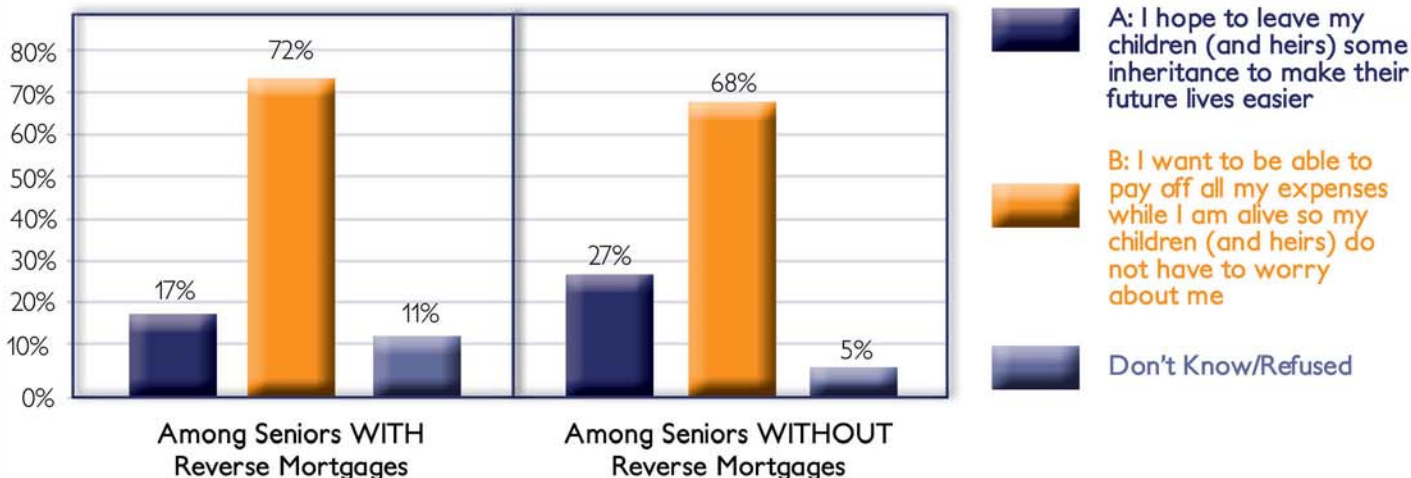
There is intergenerational consensus regarding retirement. Seniors with and without reverse mortgages believe the best financial strategy for their remaining years is to pay their own bills so their children will not have to worry about them. And adults with at least one living parent do not want their parents to worry about an inheritance for them. They want their parents to take care of themselves.

AN INTERGENERATIONAL CONSENSUS EXISTS ABOUT THE WISEST FINANCIAL STRATEGY FOR SENIORS: USE THEIR MONEY TO PAY EXPENSES SO THEIR ADULT CHILDREN WILL NOT WORRY ABOUT THEM.

Q: Which statement is closer to your beliefs?

A: I hope to leave my children (and heirs) some inheritance to make their future lives easier

B: I want to be able to pay off all my expenses while I am alive so my children (and heirs) do not have to worry about me

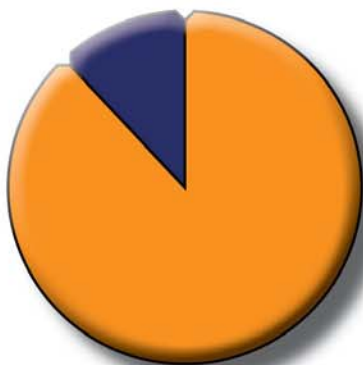


Also, an overwhelming majority of seniors want to stay in the home in which they currently live.

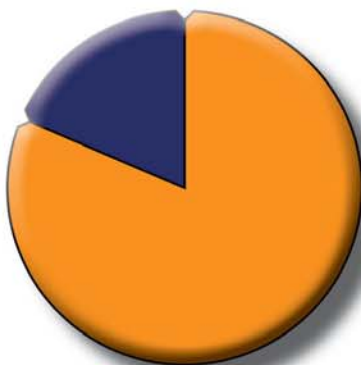
80% OF SENIORS WOULD LIKE TO STAY IN THE HOME IN WHICH THEY ARE CURRENTLY LIVING, A DESIRE THEIR CHILDREN UNDERSTAND.

Q: I would like to stay in my home for the rest of my life. (My parents would like to stay in their house for the rest of their life).

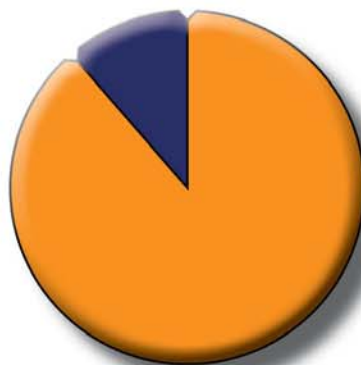
Among Seniors WITH Reverse Mortgages
STAY 81% - MOVE 11%



Among Seniors WITHOUT Reverse Mortgages
STAY 79% - MOVE 18%



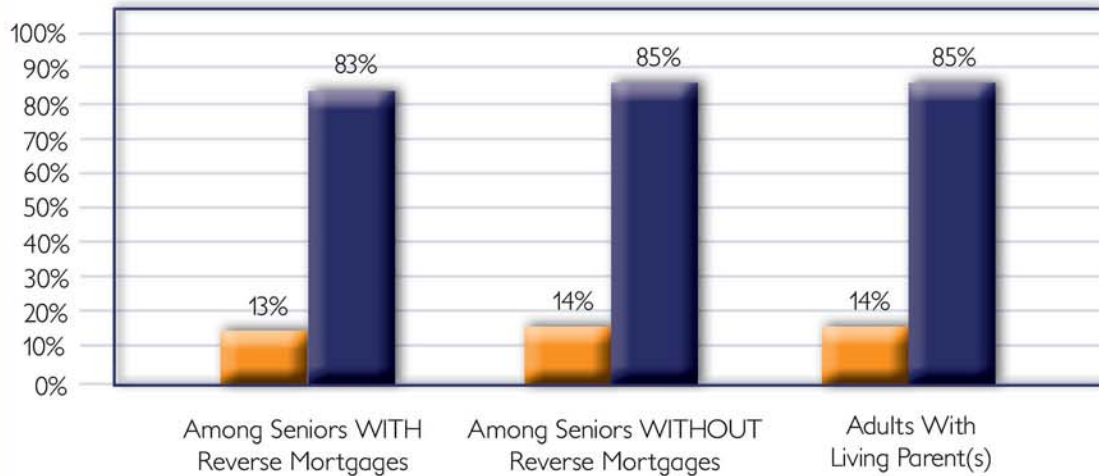
Adults With Living Parent(s)
STAY 86% - MOVE 11%



Furthermore, there is a deep pessimism about the state of the American economy, as well as their own personal finances.

ALL RESPONDENTS EXPRESSED DEEP PESSIMISM ABOUT THE STATE OF THE AMERICAN ECONOMY.

Approximately 85% described the state of the US economy as NOT SO GOOD or POOR.



Q: Would you describe the state of the US economy as excellent, good, not so good, or poor?

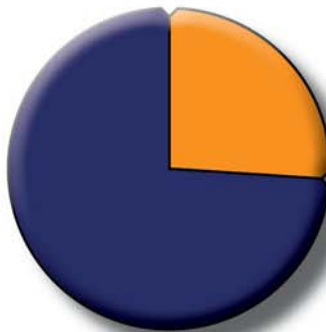
MANY SENIORS BELIEVE THEY WILL NOT BE ABLE TO COVER THEIR MONTHLY EXPENSES WITHOUT SUPPLEMENTAL INCOME.

I need (my parents need) supplemental income to cover my monthly expenses.

Among Seniors WITH Reverse Mortgages
YES 35% - NO 56%



Among Seniors WITHOUT Reverse Mortgages
YES 25% - NO 71%



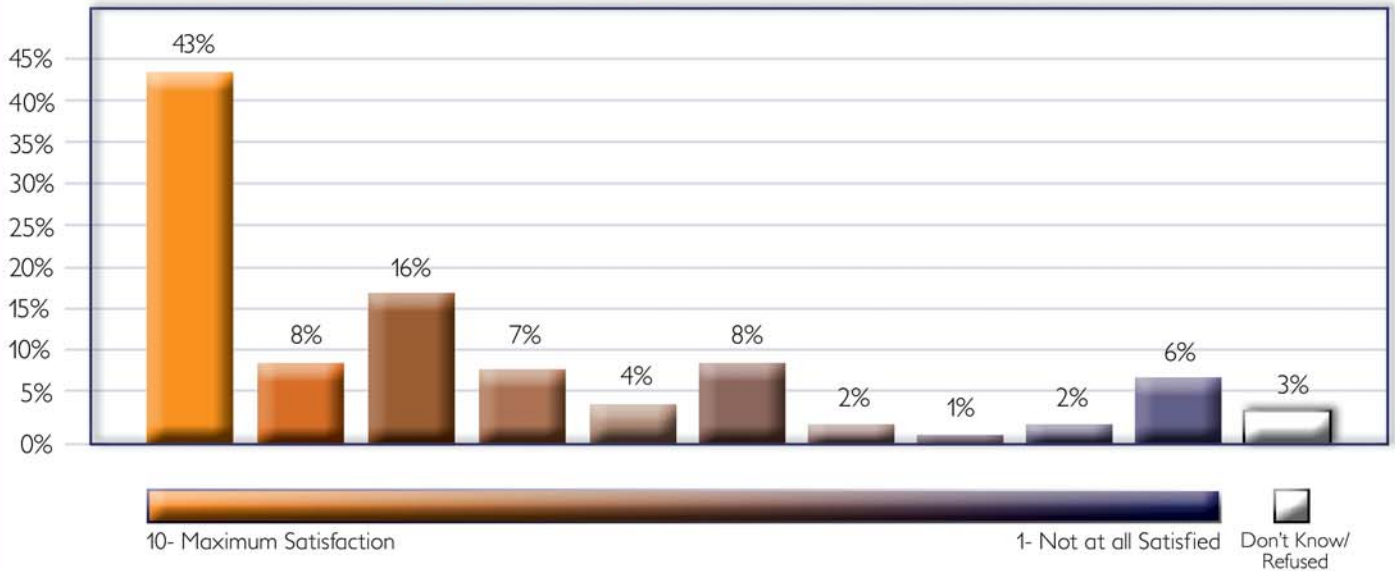
"It is clear that reverse mortgages have emerged as a viable option for funding longevity."

With a clear belief in how they would like to spend their retirement, coupled with a negative view of the nation's economic landscape, seniors are looking for answers to their own financial questions. And it is clear that **reverse mortgages have emerged as a viable option for funding longevity.**

According to these seniors (and contrary to a barrage of negative media), those who hold reverse mortgages are delighted with the product and give it exceptionally high ratings.

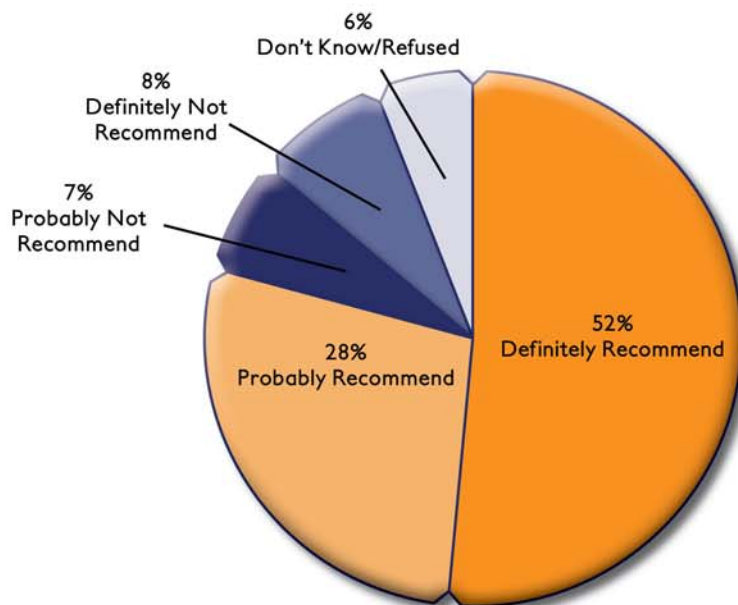
SENIORS WITH REVERSE MORTGAGES GIVE THE FINANCIAL PRODUCT EXCEPTIONALLY HIGH RATINGS.

Q: Please rate your satisfaction with your reverse mortgage on a 10-point scale, with "1" representing not at all satisfied, and "10" representing a maximum level of satisfaction, what number would you use to characterize your satisfaction with your reverse mortgage? Choose any number between "1" and "10".



In fact, a majority of seniors with reverse mortgages would definitely recommend them to a family member or friend.

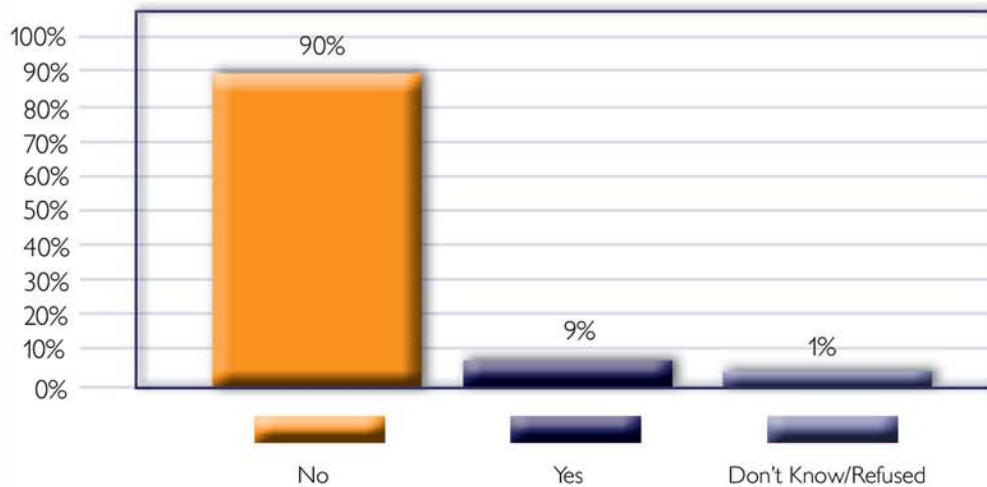
MORE THAN 50% OF SENIORS WITH REVERSE MORTGAGES WOULD DEFINITELY RECOMMEND THEM TO A FAMILY MEMBER OR FRIEND.



Q: Based on your entire experience, would you recommend a reverse mortgage to another family member or friend? Would you definitely recommend, probably recommend, probably not recommend, or definitely not recommend?

Another counterpoint to negative media coverage emerged: these seniors clearly understood the financial terms of the product. Not only were these seniors knowledgeable, but an overwhelming majority did not feel pressured to proceed with the reverse mortgage.

90% OF ALL SENIORS WITH REVERSE MORTGAGES FELT NO PRESSURE TO PROCEED WITH A REVERSE MORTGAGE.



Q: And as you were making the decision whether to proceed with the reverse mortgage, did you feel any sales pressure to agree to the reverse mortgage?

“Reverse mortgages are replete with consumer safeguards. They are the only financial products that require independent counseling.”

In addition, a clear picture emerged that those seniors with reverse mortgages felt that there were financial safeguards in place to protect them. In fact, reverse mortgages are replete with consumer safeguards. They are the only financial products that require independent counseling. These counseling sessions cover all the terms and conditions pertaining to a reverse mortgage, and counselors are required to help a senior determine if they qualify for other government programs. Finally, reverse mortgages have clear fee limits determined by the U.S. Department of Housing and Urban Development.

What is the bottom line?

Nearly half of the seniors who hold reverse mortgages would struggle to pay their monthly expenses and/or stay in their home without the aid of a reverse mortgage. Reverse mortgages are a safe, cost-effective retirement security solution that provide financial certainty and ensure quality of life for older Americans. Opponents of reverse mortgages issue claims that make great soundbites—but do little to bring clarity to the financial woes of older Americans. The bottom line is...

***Seniors use reverse mortgages because they need to...
and because they work.***

About NRMLA

The National Reverse Mortgage Lenders Association is the national voice and conscience of the reverse mortgage industry. We view our responsibility as presenting America's senior population with the best possible financial product and providing them assurance that they can borrow with confidence from a NRMLA member.

To fulfill this alpine responsibility, on a daily basis, NRMLA works closely with our 300 member companies and over 1000 individual members as well as with Congress, the Department of Housing and Urban Development, bank regulatory agencies, and state legislatures to review and refine the reverse mortgage delivery process. We view our role as explaining the methodology and needs of our members to government and explaining the methodology and needs of government to our members. In all of these situations, the bottom line must be, and is, how all of our actions and decisions affect the aging clients we are here to serve.

At the same time, within our membership, NRMLA vehemently advocates commitment to the highest ethical standards and the placement of the clients' needs above any personal gain, recognition or achievement. An inappropriate loan not closed is as valuable to the program as an appropriate loan closed.

NRMLA membership requires signing and adhering to a Code of Ethics and Professional Responsibility that commits all members, whatever their role in the process, to performing their jobs with integrity and empathy. We encourage members to look at their presentation to consumers as if they are sitting on the other side of the kitchen table.

In addition, NRMLA sponsors a Certified Reverse Mortgage Professional designation program that provides participating members with the opportunity to affirm a commitment to further education.

We present regional and national conferences throughout the year so that members can share field experiences, discuss major issues, and exchange ideas on business development and management with each other as well as with the government officials who regulate the program.

The association publishes a bi-monthly magazine, a weekly e-newsletter, frequent member alerts, and offers free monthly webinars all focused on keeping our members up to date on the latest developments in the industry, within federal and local government, and in society, as well as promoting our core values and best practices.

As the advocates for the reverse mortgage industry, NRMLA works with federal and local government officials on legislation and regulation to continually review the financial product and the methods by which it is marketed and presented.

We consider the opportunity to serve America's seniors and provide them with security a rare privilege. Our mission is to show our gratitude for the privilege every day by staunchly advocating a product, a program and a membership that strives to earn trust.

For more information:

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