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TWO MILLION MORE SENIORS COULD ACCESS REVERSE MORTGAGES UNDER FHA REFORM PROPOSAL *Congressional action could give seniors the financial security they deserve*

WASHINGTON -Two million older Americans could tap into the equity they have built up in their homes by obtaining reverse mortgages if Congress passes legislation to modernize HUD's Federal Housing Administration (FHA), according to a U.S. Department of Housing and Urban Development estimate released today.

HUD Secretary Alphonso Jackson is urging Congress to quickly enact *The Expanding American Homeownership Act of 2007*, which could help more seniors access reverse mortgages and build nest eggs for health care needs, home repairs and other emergencies.

"If you love your home, and want to stay in it for years to come, then a reverse mortgage is your best and safest bet for retirement security. Reverse mortgages offer seniors the financial freedom they deserve, and this legislation could help two million more older Americans turn their homes into retirement nest eggs," said Jackson.

Many older Americans who have lived in their current homes for several years or decades have seen the value of their homes rise dramatically, especially in recent years. However, in high cost areas, such as the Northeast and West, home values have surpassed the Congressionally-mandated cap of \$362,790 for obtaining an FHA-backed reverse mortgage - leaving millions of seniors without access to the financial security this critical program offers.

The Expanding American Homeownership Act of 2007 would make reverse mortgages available to an additional two million seniors by raising the FHA's Home Equity Conversion Mortgage (HECM) loan limit equal to the Fannie Mae/Freddie Mac conforming loan limit. By increasing and simplifying the loan amount, this change would help those seniors who have homes valued above the current FHA loan limit of \$362,790 but less than \$600,000, obtain a reverse mortgage through FHA. Eligible seniors would still have to be 62 years of age or older and have paid off their mortgages or have only a small mortgage balance remaining. The loan amount depends on the value of the home, the age of the homeowner and the expected interest rates. The reverse mortgage does not have to be repaid until the borrower moves out of the home permanently.

Last month, HUD announced that more than 308,000 seniors have used the federally-insured HECM loan program since 1990 to convert the equity in their home into cash without having to move. The volume of new reverse mortgages insured by the FHA's HECM program has increased 10-fold over the past six years.

In addition to providing greater access to reverse mortgages, *The Expanding American Homeownership Act of 2007* would address growing concerns about increasing home foreclosures and high-risk mortgages. The legislation would protect and preserve the American Dream of homeownership by modernizing the FHA and giving homebuyers access to a safe, fair and affordable alternative to exotic subprime loans. The legislation is currently pending before the U.S. House of Representatives.

To learn more about the FHA's HECM program, visit: www.hud.gov/buying/reverse.cfm