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REPORT SHOWS REVERSE MORTGAGES HELPING SENIORS LIVE AT HOME LONGER:

Good News for Washingtonians as "Over 65's" Demographic Projected Fastest Growing in the Nation.

VANCOUVER, WA - The National Council on Aging released a report on January 26, 2005 identifying reverse mortgages as a primary reason seniors are able to live in their homes longer. The study shows that over 13 million U.S. homes are eligible for a reverse mortgage, and of those, roughly 9.8 million are dealing with impairments that can make living at home difficult.

This news comes at a good time for Oregon and Washington residents. Social Security, long-term care, health care, and prescription drug issues have moved up on the priority list for both local and national legislators. These topics have a major financial impact on senior citizens, and reverse mortgages are being seen as an avenue to offset some of these increasing costs. Statistics show most seniors prefer to remain in their own homes, but they may need to make some alterations in order to stay there.

A reverse mortgage is a unique loan available exclusively to seniors 62 and older that enables them to convert their home equity into cash. Borrowers can choose to receive the payments in a number of different ways: as a lump sum, a line of credit, monthly income, or any combination of the three. The loan amount depends on the borrower's age, value and location of their home, and there are no credit requirements. Borrowers make no loan payments until they sell their home or permanently leave their residence.

Washington State Governor Christine Gregoire, in her first speech since her inauguration, noted "Washington State's population of "over 65's" is expected to increase by 84% in the next 15 years--the highest rate of projected increase in the nation. The growing size of our senior population means a growing demand for long-term care services." Gregoire will appoint a task force to develop recommendations on long-term care, and reverse mortgages could be a key component to that plan.

Figures compiled by the National Reverse Mortgage Lenders Association (NRMLA) support the National Council on Aging Report. NRMLA, a non-profit trade association whose mission is to promote reverse mortgages as a financial option for seniors, reports the volume of federally insured reverse mortgages has increased by 112% over a year ago. As health care costs continue to escalate, and since the majority of senior citizens are on fixed incomes, this number is projected to remain high as seniors are forced to look at different ways to make ends meet.

Many seniors are just now learning of the benefits of a reverse mortgage. One of the real benefits here is that since this is a loan, the income is tax-free. It also won't affect your payments under Social Security or Medicare.

However, unlike a conventional mortgage, interest on a reverse mortgage is not tax deductible until you pay off all or part of the loan debt. The homeowner is also responsible for all taxes, insurance, repair and maintenance of the home.

A common misconception of a reverse mortgage is that the borrower will lose title to his/her home. "Not true", says Janet Kaul, Vice President of Senior Life Solutions. "That's the single biggest fallacy about reverse mortgages. This mortgage program was designed and is insured by the Federal Government to assist seniors and to allow them to maintain independence. The homeowner maintains full title to the house."

Most lenders do not offer reverse mortgages because this is a highly specialized product. However, there are a handful of banks and/or mortgage brokers in Washington and Oregon that do. When choosing a lender, there are some basic criteria one should follow:

- First and foremost, confirm the lender is a HUD (Housing and Urban Development) approved lender. Roughly 90% of all reverse mortgages in the U.S. are insured by HUD, but if you choose a lender who is not approved by HUD, your loan may not be federally insured.

- Second, make sure the lender is a member of NRMLA. Their members are required to sign a Code of Conduct pledging to abide by guidelines that assure fair, ethical, and respectful practices in offering reverse mortgages to seniors.

- And third, check to see that your lender is a member of the Better Business Bureau (BBB). You can call the BBB to see if any complaints have been registered against that lender.

It may be easy to identify which of these organizations your lender belongs to by reviewing their advertisements. Many times those associations will be prominently listed. If not, feel free to ask them.

For more information regarding reverse mortgages, consumers can contact Senior Life Solutions by telephone (360-944-9004, or toll free at 877-944-9004) and ask for a free copy of the NRMLA booklet entitled, *Just the FAQ's: Answers to Common Questions About Reverse Mortgages.*

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Senior Life Solutions is a local, family owned company which assists senior homeowners achieve their retirement goals through the use of reverse mortgages.

www.SeniorLifeSolutions.Net