



Reverse Mortgage Market Rises to \$4.3 Trillion

As many baby boomers near retirement without enough cash, more companies use seniors' \$4.3 trillion in home equity to provide the necessary funds.

Carlsbad, CA ([PRWeb](#)) September 15, 2007 -- More homeowners in their retirement years are getting the cash they need through [reverse mortgages](#). Baby boomers currently hold approximately \$4.3 trillion in home equity, according to the NRMLA/Hollister Reverse Mortgage Market Index. Reverse mortgage companies are providing homeowners over the age of 62 with opportunities to use this home equity to get the cash they need for retirement.

[Reverse mortgage loans](#) are very new lending options, but at least 300,000 of these loans have been generated since they began in 1987. [Reverse mortgages](#) allow senior homeowners to turn a portion of their home equity into monthly income or a lump sum of cash, and the money is cash-free. This allows retirees to stay in their homes, and they don't have to pay back the money back until they sell the home or the loan period ends. Homeowners who don't plan on leaving the home in an inheritance can simply use the sale of their home to pay the loan back, and they will never have to give up the lifestyle they were accustomed to. This lending option is becoming more common for homeowners who have little savings and few other investments in their portfolio other than their homes. Homeowners who are "cash poor" and "home rich" can turn to a NRMLA approved lender that will turn their home equity into cash for them. The loan balance grows over time as the homeowner uses the equity as cash, but they can stay in the home for the duration. When they leave the home, it is either sold or refinanced to repay the loan.

Many retirees have expensive medical bills that eat up all their savings. A person with a debilitating disease may also leave their spouse with tens of thousands of dollars of debt when they pass away. Seniors who are living off of Social Security, credit cards and meager savings may find that they are forced to sell their homes and give up their quality of life to pay for everyday expenses. With the trillions of dollars that American seniors possess in home equity, though, many are finding this other option increasingly attractive.

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