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REVERSE MORTGAGE MARKET INDEX PERFORMS BETTER THAN EXPECTED IN TOUGH ECONOMY

Washington, DC, May 6, 2011 – The NRMLA/RiskSpan Reverse Mortgage Market Index (RMMI) estimates the value of home equity held by seniors aged 62 and older to be \$3.3 trillion as of the end of 2010. The index has tracked reverse mortgage market opportunity since 2000 by analyzing and reporting on trends in senior home values and home equity levels.

The impact of falling home prices on aggregate senior equity levels has been partially offset by the demographic growth of the senior population and its lower mortgage debt levels relative to the rest of the population. The level of senior home equity has fallen by 18% from peak levels, compared to a 31% decline for the total population of home owners.

“This data shows us that the home equity is still an important component of total wealth for seniors. As such, this equity will be increasingly important to help seniors fund longevity as they outlive the generations before them,” said Peter Bell, President of the National Reverse Mortgage Lenders Association.

National home prices and mortgage debt levels indicate a stabilizing of the RMMI. After a slight uptick in the third quarter, housing prices fell again in the fourth quarter, according to FHFA index data. The RMMI fell to 157.7 in Q4 2010 (the RMMI is indexed to Q1 2000), 0.3% lower than the preceding quarter’s level and 18% below the Q4 2006 peak. Based on RiskSpan’s analysis of FHFA and Census data, the aggregate value of senior housing fell by \$15 billion to \$4.3 trillion, while senior mortgage debt levels fell by \$4 billion, resulting in an \$11 billion reduction in the level of senior home equity.

The NRMLA/RiskSpan RMMI is updated on a quarterly basis. The index reflects the current value of home equity owned by seniors relative to the level observed in the Q1 2000, the index’s base period.

The National Reverse Mortgage Lenders Association (NRMLA) is the national voice of the reverse mortgage industry, serving as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage business.

Founded in 2001, RiskSpan, Inc. is the leading consulting and financial analytics firm in the financial services industry. RiskSpan maintains a reverse mortgage specialty, and applies its data and modeling expertise to examine the industry.

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