
Senior home equity estimated at \$5.83 trillion: NRMLA

By Editorial Staff Thu, Mar 24, 2016

The National Reverse Mortgage Lenders Association RiskSpan Reverse Mortgage Market Index (RMMI) rose to a record 203 in Q4 2015 from 198.53 in Q3, the association said this week.

An estimated \$140.2 billion increase in the aggregate value of homes owned by seniors drove their share of home equity to \$5.83 trillion in 2015, according to the National Reverse Mortgage Lenders Association.

The increase sent the NRMLA/RiskSpan Reverse Mortgage Market Index (RMMI) to a record 203 in Q4 2015 from 198.53 in Q3, the NRMLA said in a release this week. Year-over-year, the index increased 8.1% in 2015, compared to increases of 7.8% in 2014 and 17.5% in 2013.

The Q4 senior equity value also represents a 16% increase from the pre-Recession peak, when senior equity levels hit an estimated \$5.04 trillion in Q4 2006.

The RMMI in Q3 2015 was revised from 200.19 to 198.53 primarily due to the updated total housing value from Federal Reserve's Z.1 release of historical data on March 10, 2016.

The RMMI is updated quarterly and tracks back to the start of 2000. Release dates for 2016 are: June 21 for Q1, September 20 for Q2, December 20 for Q3.

Reverse mortgages allow homeowners over age 62 to borrow against the equity in their home without having to make monthly payments as with a traditional "forward" mortgage or a home equity loan. 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.

To date, more than 970,000 senior households have used a FHA-insured reverse mortgage. More than 616,000 senior households currently use reverse mortgages, according to the NRMLA.

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