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Reverse Mortgage Loan Products as Retirement Income Security Solutions for the Indian Market - Features & Risks

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Abstract:

Reverse Mortgage (RM) is a promising financial solution to the elderly house owners who want to use their house to release the equity and obtain liquid funds to meet the urgent financial needs, without having to move out of the house or having to make any repayments, till the borrower and his/her spouse both die or the borrower sells the house or moves out permanently. Since bulk of the savings at retirement is typically locked in home equity, RM is a powerful device to increase the retirement income of the elderly. RM has been in existence in Europe for several centuries but in highly localised and personalised contexts. The modern version of the RM was introduced in U.S with the support of the Federal Government in late 1980s. Literature on RM is unanimous on its huge market potential. However, its complexity exposes a lender to several risks: primarily Mortality/Longevity Risk, Interest Rate Risk and Real Estate Market Price Risk. It is an unusual product for a typical elderly borrower, creating fears of debt burden, eviction and inability to bequeath property.

Demographic projections indicate that RM could have reasonable prospects in India, to begin with in urban areas of Kerala, Tamil Nadu, Goa, Chandigarh and possibly all metros. There are however no solid secondary data relevant to RM available. These include mortality amongst the elderly, current home ownership amongst the elderly, trends in appreciation in home value and long term interest rates. This paper deals with the Reverse Mortgage concepts in three parts. The first part highlights the important features of Reverse Mortgages. Part two presents the risks from lender's perspective while providing elaboration for two of the critical risks - Crossover and Longevity. Finally, part three brings up the relevance of Reverse Mortgages to Indian market. The paper identifies a few potential target segments to enhance marketability of these products in India and suggests a survey be conducted to assess the potential in these segments in different geographies like Metros, Urban and Semi-urban areas and the survey results can be used to design new Reverse Mortgage products for better marketability.

Keywords: Reverse mortgage, Reverse mortgage loan (RML), Reverse mortgage loan enabled annuity (RMLEA), Mortality risk, Longevity risk, Interest rate risk, Real estate market price risk, Crossover risk and demography

1. Introduction

The global market for Old Age Social and Income Security (OASIS) products are projected to grow substantially and India is no exception. Medical advances have increased the average life expectancy of Indians at retirement. According to the report of the Old Age Social and Income Security (OASIS) Committee, the panel that drew up the blueprint for India's pension reforms, which were submitted to the government in year 2000, an average Indian working in the organised sector is likely to live till age 75. Assuming that he retires at 58, he gets an average retired life of at least 17 years. Since his wife is, on an average as per Indian tradition, 5 years younger to him, one should add another 5 years to the retirement period. A 22-year retirement period was unheard of in the previous generations of Indians. Thus, the challenge for everyone now is to accumulate enough savings/retirement corpus during one's 30-35 years of work life to last these 22 years of retired life. Moreover, thanks to the rate race and the manifold pressures of work life, many people prefer to retire as early as 50-55. This means one has to provide for an even longer retired life.

Therefore under this backdrop Retirement Planning and Solutions has assumed a lot of importance for all the Indians because of the following compelling reasons:

- a) Increased longevity of Indians
- b) Corrosive effects of Inflation on Retirement Savings
- c) Breakdown of traditional joint family structure/declining family support
- d) More expenses, less earnings during old age
- e) Absence of any state funded social security
- f) Low interest rate regime/falling interest on EPF/PPF/Fixed Income Products
- g) Shift from Defined Benefit to Defined Contribution Pension Scheme for Government and PSU employees

The last point (g) assumes relevance for persons working in government and public sector. As in other countries, the pension system in India is also undergoing reforms. The existing Defined Benefit (DB) Pension Scheme which guarantees the pension amount to retired employees as a certain percentage of their last drawn pay is being changed to Defined Contribution (DC) Pension Scheme where there is no assured pension amount. Defined benefit schemes, both publicly and privately funded, are facing many risks and their viability is under threat. This has prompted the development of many products for sharing such risks, with pure defined contribution plans at one extreme. In fact, the Government of India (GOI) and many State Governments have shifted all their recruits from 1st January 2004 to such a defined contribution plan. However, defined contribution plans convert only the financial savings during working years into income streams during retired life. Under the DC plan the investment risk, inflation risk and longevity risk are shifted from the employer to the employees. Hence the retirement corpus and pension income available would depend on the individual's amount and period of contributions during the working life and the investment performance of the accumulation/fund. The investment performance of the fund ultimately depends on national and global economic conditions and consequent performance of the debt and equity markets.

To the extent savings during working age is locked up in house property, it cannot be en-cashed for old age needs except through selling of the house. This would be the case even if traditional mortgage loans were taken against house property, as they have to be repaid, either in instalments or on maturity. This is where reverse mortgage (RM) has a potential market: as an instrument to convert equity in a house property into an income stream, without any debt servicing or relocation worries. Reverse Mortgage Loan (RML) products are quite new in India as of now. Finance Minister has introduced the Reverse Mortgage as an eligible loan product for the Senior Citizens in India in his Budget proposals of 2007-2008. Subsequently National Housing Bank (NHB), the apex bank for Housing Finance in India, had issued operational guidelines of Reverse Mortgage Loan (RML) in May 2007 to the Primary Lending Institutions (PLIs) comprising Scheduled Commercial Banks (SCBs) and Housing Finance Companies (HFCs). Reverse Mortgage Scheme was notified by the Government of India in September, 2008. NHB conceived another innovative product called Reverse Mortgage Loan enabled Annuity (RMLeA) in December 2009 to overcome the shortcomings the RML was suffering from and to make it a more attractive retirement income security solution/product for the retirees.

2. Basic features of Reverse Mortgage

A simple definition of reverse mortgage can be

“A reverse mortgage is a loan available to senior citizens and is used to release the home equity in the property as one lump sum or in multiple payments. The homeowner's obligation to repay the loan is deferred until the owner and his/her spouse die, the home is sold, or the owner leaves the house permanently to a new residence (e.g., into old age home etc.)”

The analysis of definition provides some basic features of reverse mortgage products. These are:

- The loan is available only to senior citizens owning a home
- The loan can be in the form of Lump-sum or multiple payments like annuity etc
- Homeowner does not have obligation to repay the loan till the house is his prime residence
- The payback is done once the owner and his/her spouse die or on moving out of the house permanently. This is done through selling the house and recovering the loan through its proceeds.

The borrower may choose to receive the loan proceeds through

- A lump sum at the beginning
- Monthly payments till a fixed term or a life-long annuity
- Establishing a credit-line with or without accrual of interest on credit balance
- A combination of the above

2.1. Forward (Conventional) Mortgage –vs. - Reverse Mortgage

Roughly speaking, RM is the ‘reverse’ of a conventional mortgage loan. In a conventional mortgage loan, the borrower starts with a large loan and low equity in his house. As he pays off his regular mortgage instalments, he reduces his outstanding loan amount and increases his house equity. In contrast, an RM borrower starts with a very high equity in his house. The lender extends a non-recourse loan secured by the mortgage of the house property.

The borrower need not move out of the house or make any payment to the lender, as long as the borrower and his/her spouse are alive. Therefore the loan and interest accumulates till maturity. There is no credit or income requirement to be satisfied unlike the conventional mortgage loan. Even if the accumulated loan and interest goes above the realisable value of the house at disposal, the repayment is capped at that value only. Hence RM is a case of ‘rising debt, falling equity’ and without-recourse loan transaction in contrast with Conventional/Forward Mortgage which is a case of ‘falling debt, rising equity’ and with-recourse loan transaction.

2.2. Fixing the Quantum of the Loan and the Pricing

Understandably, the amount of loan and its price (rate of interest) will be a function of the following key variables:

- Age of the borrower and any co-applicant (life expectancy/longevity risk): If it is a joint borrowing, then the age of the younger borrower is considered.
- The current market value of the property and expected property appreciation rate (real estate market price risk): The value of the property plays a major role in determining the amount of loan and/or the periodic payment (annuity).

- The current interest rate and rate volatility (interest rate risk): As the product resembles the normal annuity interest product in some sense, the current and expected interest rate in the future also plays a major role in fixing the loan amount and pricing the RM product.

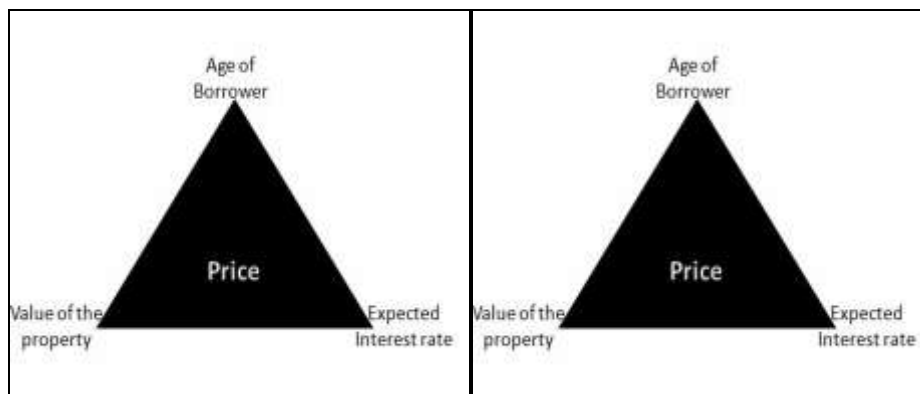


Figure 1: Factors that determine the pricing of an RM Product

The other considerations which needs to be taken while pricing RM product are:

- Closure and servicing costs
- Specific features chosen: fixed or floating interest; shared appreciation; interest earning credit-line; and mortgage insurance, if any

2.3. Other features of Reverse Mortgage

There is conceptually nothing in the reverse mortgage idea to restrict it to only the elderly. But the product is particularly suited for old people: in fact, the older a person is, the more attractive RM is. Why?

- RM requires near total equity ownership of the house- more likely for ages above 50 (unless the property is inherited)
- It is attractive to only people with insufficient current income and little financial savings- by implication, retired persons
- For a given property value, the lower the life expectancy (older the person) is, higher is the additional income through an RM.
- Public policy support including tax incentives is more likely if the borrowers are the elderly.
- The elderly are particularly likely to attach significant psychological/emotional/ sentimental value to 'ageing in place' without moving out. In fact, the longer they have stayed in their current home, the more valuable this is likely to be, considering the benefits of a familiar neighbourhood.

2.4. Salient Operational Guidelines of NHB on Reverse Mortgage Loan (RML)

National Housing Bank (NHB), the apex housing bank of India has issued operational guidelines on Reverse Mortgage in May 2007. The Salient points are as follows. Reverse Mortgage Loans (RMLs) are to be operated by Primary Lending Institutions (PLIs), Scheduled Commercial Banks (SCBs) and Housing Finance Companies (HFCs). Senior Citizens of India above 60 years of age are eligible for this loan. The borrower should be the owner of a residential house property which is located in India with clear title and the property should be free from any encumbrances. Married Couples will be eligible as joint borrowers provided one of them being above 60 years of age and other not below 55 years of age.

The loan amount to be sanctioned depends on the market value of such property assessed by the banks/HFCs concerned. As per the norms of the NHB, the PLIs have discretion to determine the eligible quantum of loan. They will re-evaluate the property mortgaged to them at regular intervals depending on its location and physical condition. This is generally done once in five years. Payment terms are decided by the borrower and lending banks. The payment of loan to the borrower can be monthly, quarterly, annually or lump sum payments in one or two instalments. The loan amount can be used for up gradation, renovation and extension of residential house, medical emergency or supplementing pension, etc. The maximum tenure of the RM can be 20 years as per the NHB guidelines. Interest rate to be charged on loan is based on risk perception and loan pricing policy and is specific to individual borrowers. The mode of interest rate, either fixed or floating, is subject to the disclosure of the terms and conditions. Market value of the property is evaluated by an approved external valuer. The lending bank/HFC will issue all the details of RML material and required documents and obligations to the borrower.

2.4.1. Shortcomings of Reverse Mortgage Loan (RML)

- Payment tenure to borrowers – limited to maximum 20 years.
- Quantum of periodic payments were limited – mainly dependent on Interest Rate
- Uncertainty over continuance of periodic payments if property value declined

2.5. Reverse Mortgage Loan enabled Annuity (RMLeA)

- RMLeA is a newly improved version of RML.
- RMLeA - Provides Assured Life-time Payments to house owning Senior Citizens against mortgage of their residential property.
- RMLeA is the result of Collaboration of Life Insurance Sector with the Banking Sector and Housing Finance Market – First time in India.
- Banks/HFCs – Address Property Mortgage related risks
- Insurance Companies - Address longevity risk,
- Leads to specialization and better efficiency in the system - ultimately benefiting Senior Citizens.
- Borrowers to have dealings only with Banks/HFCs.
- The terms of Reverse Mortgage similar to RML (2007) terms.
- NHB has issued Operational Guidelines for RMLeA.
- Product launched by Central Bank of India in collaboration with Star Union Dai-ichi Life Insurance Co. Ltd.
- Product Approved by IRDA

2.5.1. How It Works

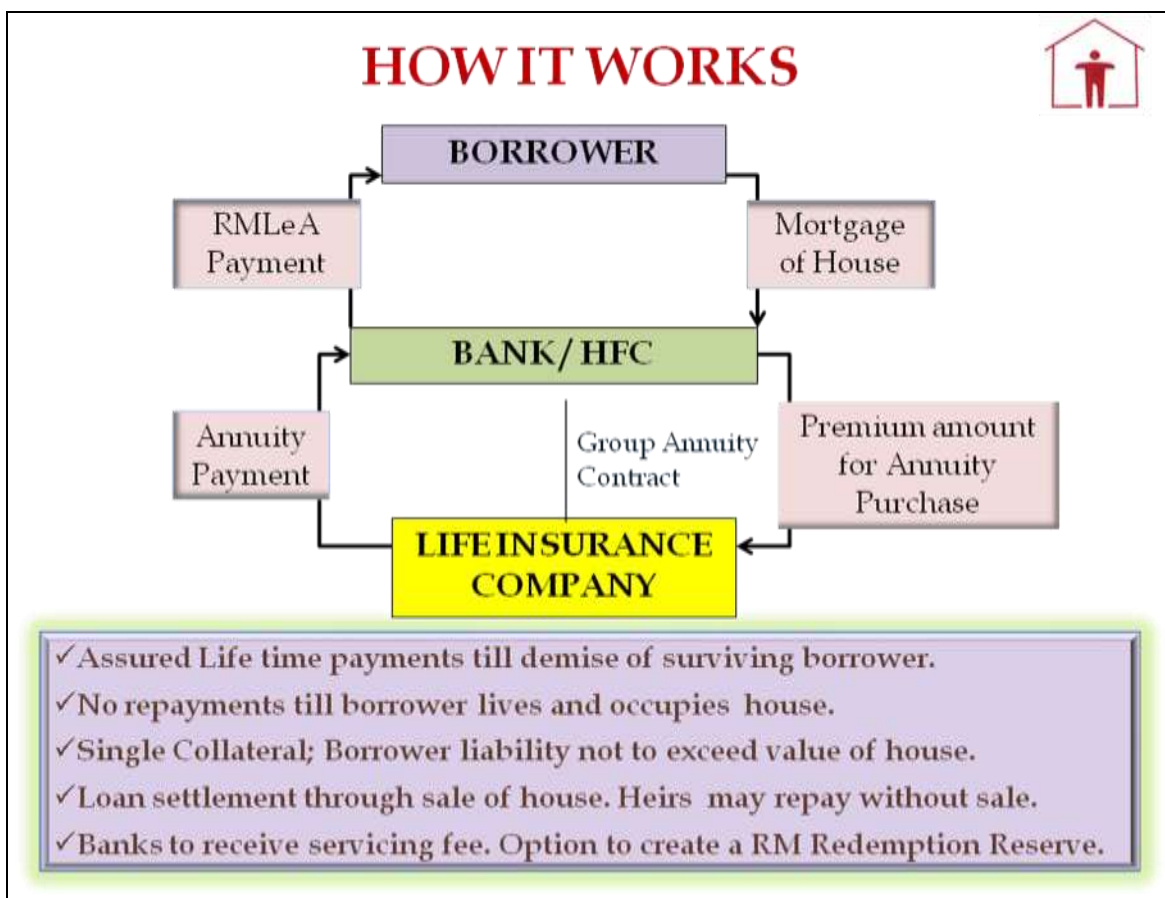


Figure 2

3. Significance of Reverse Mortgage Product for India

The society in India has under-gone radical changes in the last 3-4 decades. Nuclear family has replaced the joint family system. The culture of the joint family supporting the older people has gone. As mentioned earlier the public pension system has not been able to provide an alternative support to old people. These circumstances have made the condition of the older people miserable. They face following common problems/concerns:

- Outliving their retirement savings by living longer than expected (Longevity Risk)
- Depending on their children for financial support
- Rising medical and health care expenses making it unaffordable
- Leaving a guaranteed source of income for their spouse after their demise
- Relocation worries in case they are forced to sell the house

Looking at the current situation, the needs for a product which can help these people to solve some of these problems is always a welcome step. Reverse mortgage or equity release products tries to answer all these problems. Every Indian, irrespective of its income level, tries to build a home during his/her working life. Reverse mortgage will give him/her an opportunity to generate income from that very home. As the ownership remains with the borrower, he can transfer the home to his successors also if the later agrees to pay the loan amount. Such a product relieves the pressure on government also to provide for old age security and thus government also needs to support such initiative. Many economies have been benefited from this arrangement and the market for such products has increased quite a lot in these markets. Two such examples are the UK and the USA market.

4. Risks inherent in Reverse Mortgage for the Lenders

Any financial/loan product involves some kind of risks and reverse mortgage is no exception. The lender faces many types of risks for this product. Some of these risks are as follows:

- **Longevity Risk (Risk of borrower living longer than expected):** The lender has to provide the payment upfront either in lump sum or in instalments as the case may be but gets his money back only when the borrower and his/her spouse die or they move into another residence. As we are aware that the life expectancy of people is increasing, the risk of late recovery of loans is a big risk for the lenders.
The risk is aggravated by the fact that with the payments from reverse mortgage, the lifestyle of the borrower gets better which may become one of the contributors in the improvement of longevity. The longevity risk becomes still higher for reverse mortgage where the payment is continued till the death of the borrower since not only the recovery gets delayed but also the lender has to make payments for a longer time.
- **Interest Rate Risk:** The payments to the borrower in case of a reverse mortgage is fixed, either for a term or lifetime but the cash flows for the lender may not be fixed and are dependent on the interest rate market. Thus the lender runs the risk that the interest rates in the market may move in the opposite/adverse direction of that the lender anticipated.
- **Real Estate Market Price Risk (Property Value Risk):** The lender in a reverse mortgage can claim back his loan only from out of the property on which the loan has been granted. He does not have recourse to any other asset of the borrower. If the sale proceeds of the home are not sufficient, the lender cannot claim the balance loan outstanding from the heirs of the borrower. This gives rise to the risk of adverse movement in property market which affects the profitability and viability of the product. Though this risk can be diversified away by increasing the geographical reach of the operations of the lender but the risk still remains.
- **Early Redemption/Prepayment Risk:** Some of the reverse mortgages loans may give the borrower an option of repay/prepay the loan at any point of time. This leads to another risk for the lender of early redemption as the borrower will pay back the loan when it is most beneficial to him which in most cases does not coincide with the interests of the lender. In case the lender has securitised the loan, which in most of the cases it is, the risk becomes higher as the lender cannot close its position in this case.
- **Crossover Risk:** The risk that arises due to the loan value exceeding the value of the mortgaged house is called Crossover risk. Since the interest rate charged from the borrower is usually higher than the house value appreciation rate, the loan value will certainly exceed the house value at some future point of time. The point in time when this happens is called the Crossover point. Lender will experience loss on every outstanding loan beyond the Crossover point. Longer-than-average tenure of stay or lower-than-average home appreciation will shift the Crossover point to the left.

4.1. Risk Management & Mitigation Techniques

Risk mitigation is the key for the success of any financial product including reverse mortgage. Some of the risk mitigation techniques which the providers can apply to reduce the risk on their books are as below:

- **Proper eligibility criteria/Selection of RM Borrowers:** The first mitigation of risk can be done at the time of providing loans. This can be done through proper verification of the title of the property, age of the borrower; his/her credit analysis etc. This reduces the risk of default by the borrower
- **Variable/Floating rate loans as compared to fixed rate loans:** To avoid interest rate risk, the lender can go for variable interest rates based on some market benchmark like MIBOR. This will also reduce the risk of Pre-payment as the borrower will not have interest arbitrage on prepayment of the loan.
- **Proper analysis of mortality trends:** As the product has significant longevity risk, the lender can do a detailed mortality trend analysis on a macro level and also in the market where it is operating.
- **Geographical diversification:** The lender can look at spreading the business across the country by promoting the product in secondary and tertiary cities also so that the law of large numbers may work properly and if the provider has a bad experience in one market, it can be compensated with good experience in other cities.
- **Develop the product for lower age groups:** The lender can develop home equity conversion mortgages for all households and not just for elderly. This will significantly reduce loan to value ratio and that will take care of many of the risks inherent in the product.
- **Securitisation:** One of the most effective ways of mitigation risk is securitization. It involves many other financial players and thus it spreads the risk of default/prepayment to many other participants. USA has a history of eight year of securitisation of its Reverse Mortgage. One of the recent innovations has been Ginnie Mae's Mortgage Backed Securities for HECM loans.

This has helped Ginnie Mae to securitize the Home Equity Conversion Mortgage loans and had a good response from the market.

- Loan Covenants: In the Loan sanction terms, some covenants like default conditions or change of the borrower's status or status of the property that affect the security of the loan for the lender that can make reverse mortgages payable immediately should also be added, like:
 - Declaration of bankruptcy;
 - Donation or abandonment of the house;
 - Condemnation/ Sovereign Takeover of the property by a government agency.

5. Relevance of RM to Indian Market and its Potential

- There are no universal old age social security related benefits. Only about 10% of the active working population are covered by formal schemes. This would substantially enlarge the potential target market for RM: 'house-rich, cash-poor'.
- A much lower proportion of urban households, and by implication, less scope for RM.
- A much larger proportion of elders co-living with their family members of subsequent generations and hence less scope for RM
- A possibly stronger bequeath motive, reducing the scope for RM.
- A possibly higher real rate of appreciation of real estate and housing prices, making RM more attractive to the lender.
- Widespread under valuation of real estate properties to accommodate transactions involving unaccounted money and evasion of taxes on property and real estate transactions
- Complexity, variety and location specific variations in types of home ownership :
 - a. *Benami* holdings/ 'Irrevocable power of attorney'
 - b. Leasehold/ freehold
 - c. Land use conversion regulations
 - d. Floor space regulations
 - e. Rent/ tenancy controls
 - f. Disposal of ancestral property
- Absence of competitive suppliers for immediate life annuity products. This, in turn, is a consequence of
 - a. Lack of data on old age mortality rates
 - b. Lack of long-term treasury securities for managing interest rate risks of annuity providers
- The fledgling nature of the secondary markets for mortgage and securitization of mortgage loans
- India specific legal and taxation issues
 - a. License/ Permission required under insurance/ banking regulation for offering RM
 - b. Income tax treatment for RM lenders and borrowers
 - c. Capital gains on property
 - d. Reporting and provisioning by the lender as per banking/ insurance regulation
 - e. Seniority of RM claims vis-à-vis other secured lenders
 - f. Status of RM loan in case of insolvency

5.1. Budget 2008-09 Clarifies Tax Issues of Reverse Mortgage

The Union Finance Minister has in the 2008-09 budget clarified the tax issues by proposing to amend the Income Tax Act to provide that the Reverse mortgage would not amount to 'transfer' of a capital asset and therefore not attract Capital Gains tax. Secondly, the RM loan amount/stream of revenue received by the senior citizen borrowers would not be construed as 'income' for the senior citizens and hence would be exempt from Income Tax in the hands of the borrower. Thus this clarification on tax treatment will act as a booster for the growth and popularity of RM products in the Indian market.

- Tax Incidence on Accrued Interest on RM Loan needs clarification still: But RM loan providers need clarity on a third aspect – in reverse mortgage, lenders don't collect interest till the closure of the loan. But in the profit & loss account, they accrue income every month. Now this interest income should not be taxed on accrual basis because that would amount to negative cash flows. Without receiving interest lenders will be paying tax. Lenders want that the interest income should be taxed on Cash/actual realisation basis as and when it is received on closure of the loan. So this needs to be clarified.

5.2. Reverse Mortgage – Market Potential in India

In a research report, reverse Mortgage Market: Early days for India, Celent examines the opportunity and challenges associated with this market from the lenders' point of view. The report says, the senior citizen population in India is growing rapidly due to lower fertility and mortality rates, improved health care and better nutrition. The senior population is expected reach 117 million by 2015, growing from the current population of 87 million. While this segment of the population is increasing, it continues to be largely neglected by the policymakers.

The report goes on to add that the RML product class is expected to have a directly addressable market opportunity of around 6 million households with a total of US\$ 113 billion home equity by 2015 across both urban and rural India. There is a great potential

for this market, but it requires the building of an ecosystem that would make the product more viable for the lenders in the Indian context.

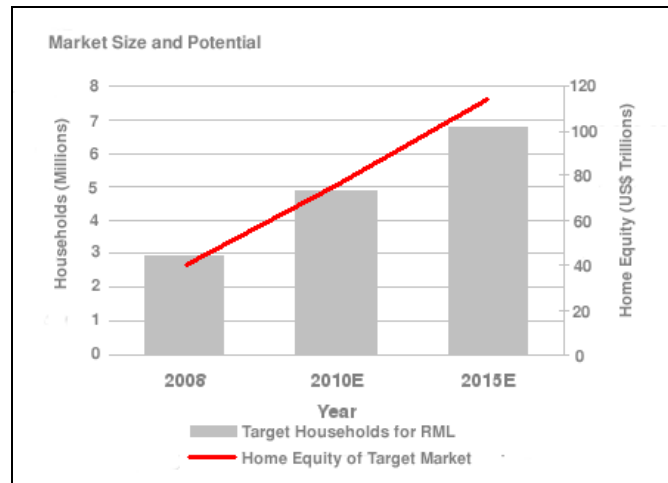


Figure 3: Reverse Mortgage – Market Potential in India

Source: <http://www.celent.com/PressReleases/200803122/RMLIndia.htm>

5.3. Old Age Population

Though the Indian population is still comparatively 'young', India is also 'ageing'. Some demographic projections for India indicate that

- The number of elderly (>60 yrs) will increase to 113 million by 2016, 179 million by 2026, and 218 million by 2030. Their share in the total population is projected to be 8.9 % by 2016 and 13.3% by 2026. The dependency ratio is projected to rise from 15% as of now to about 40% in the next four decades
- The percentage of >60 in the population of Tamil Nadu and Kerala will reach about 15% by 2020 itself!
- Life expectancy at age 60, which is around 17 yrs now, will increase to around 20 by 2020

5.4. Sources of Income Support for the Elderly in India

As of 1994, the estimated percentage among the elderly, dependent on various sources of income was as follows:

Source	Men	Women	All elderly
Pensions/Rent	9-10%	5%	7-8%
Work	65%	15%	40%
Transfers	30%	72%	52%
Of which, from Children	22%	58%	40%

Table 1: Source of Income Support for elderly in India

In addition, as per a survey of the National Sample Survey Organization (NSSO) in 1994, less than 4% of the elderly lived alone. A 1995-96 National Sample Survey of the elderly reported that about 5% of them lived alone, another 10% lived with their spouses only and another 5% lived with relatives/ non-relatives, other than their own children. In other words, co-residence with children and other relatives is predominant.

However, the following aspects are worrisome:

- The extent and adequacy of support, especially for widows
- Vulnerability of such support to shocks to family income
- As incomes and life expectancy rose in the now developed countries, simultaneously there was a decline in co-residence rates and intergenerational support. It may happen in India too
- Strains due to demographic trends seem inevitable: fewer children must support parents for longer periods of time. In a recent survey covering 30 cities, 70% of the respondents did not expect their children to take care of them after retirement.
- Job related migration of youth within the country and emigration.

6. Conclusions and Suggestions

1. Reverse mortgage offers an attractive option to the elderly to finance their consumption needs on their own, without the necessity of moving out or worrying about indebtedness or repayment.

2. If designed properly and offered by an empathetic lender, RM might turn out to be the vanguard product to build up brand equity for the lender in this niche segment. Demographic projections indicate that this segment is the fastest growing segment all over the world.
3. RM, if widely available, might in fact encourage more people in the working population to increase the proportion of their savings invested in housing.
4. However, the actual size of the RM markets is nowhere near its estimated potential, for a variety of reasons from the demand, supply and regulatory considerations.
5. Any interested RM lender in the Indian market must proceed with caution.
6. The necessary steps before a pilot RM product seem to be the following:
 - a. Assessment of potential demand in a limited geographical area through
 - i. A scientific market survey amongst the specified target segment
 - ii. Qualitative research to explore borrower concerns and expectations
 - b. Precise assessment of legal, taxation and regulatory issues related to RM
 - c. Exploratory financial modelling to assess lender risk and options for managing it.
7. Government may initiate an insurance scheme to share the burden of Crossover Risk of lenders to encourage these products.
8. Working with Life Insurers, Life Insurance protection to the extent of minimum of house value and the outstanding loan balance on the lives of borrowers can be provided. In the event of death of the borrowers, realization of proceeds can be hassle free for the lenders as well as to the heirs of the borrowers.
9. Actuarial world can examine applicability of risk management options available to India. It needs to be explored if mortality securitization is feasible if different places in the country are categorized according to their geographic / demographic characteristics.
10. Senior citizens may prefer to live in rural India if only they have all amenities. A government arm on the lines of Housing Development Authority can build projects in rural India, provide amenities and sell those houses to the NRIs who can gift the property to the parents. Parents can avail Reverse Mortgage loans for making a living and increasing their comforts. Economic activity in rural India will also increase as more and more projects come up.
11. Professional bodies may initiate an exercise to collect information like mobility rates. Further, inadequacy of property appreciation data may force the lenders to have static assumptions while designing the products. Hence a regular study can be commissioned by National Housing Bank (NHB) to study the property appreciation rates in different geographies which can be used to price the products accurately.
12. Banks and Insurance companies can form joint venture and market Reverse Mortgage products on the lines of Banc assurance. The relationship can be leveraged to combine the skills in financing and risk management and to keep the costs at a lower level. The benefits can be passed on to the borrower.
13. A study needs to be conducted among the senior citizens in different classes of cities to understand the income needs, their views on utilizing the house equity when they are alive for luxury needs. The study could throw light on the type of Reverse Mortgage most suited for that category of city. Probably availability of different variants of Reverse Mortgage products in the market, well marketed, would create a win-win situation to the borrower and the lender.

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