

# 2011 NRMLA ANNUAL MEETING

National Reverse Mortgage Lenders Association

Boston, Massachusetts

October 24 - 26, 2011

**WEINER  
BRODSKY  
SIDMAN  
KIDER PC**

**NMLS, Licensing & State Legislative  
Updates**

## **NMLS, Licensing & State Legislative Updates**

California - AB 793

Massachusetts – DOB Regulations

Puerto Rico – RM Consumer Protection Act

Hawaii – SB 1519

Near Misses – Georgia HB 338, New Mexico SB 406

Related Issues – Dodd/Frank & AMTPA

NMLS Call Reports

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### California – AB 793

- Insurance broker or agent may not “participate in, be associated with, or employ any party that participates in, or is associated with the origination of a reverse mortgage.”
  - Exception: “procedural safeguards” in place ensuring broker or agent has no financial incentive to refer consumer to RM Lender
- Insurance “transacting” parties may not receive compensation for providing a RM borrower with non-casualty insurance product
- Exception for title, hazard, floor, or other peril insurance that are customary and normal under a RM

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### Massachusetts – Division of Banking Regulations

- Opt-In Form
  - Required Content
  - Delivery Requirements
- Written Commitment
- Written Revocation Prior to Closing
  - Lender Must Refund All Fees
- 7-Day Cooling-Off Period Between Opt-In & Closing
- Face-to-Face Counseling (8/1/2012 delayed effective date)
  - Counselor Approved by Executive Office of Elder Affairs (Applies to Non-Opt In Loans)
- Gross Income less than 50% of area median income, and
- Assets, excluding primary residence, less than \$120k

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### Massachusetts – Division of Banking Regulations

- Prohibited Practices
  - Shifting Burden of Income/Asset Thresholds
  - False Promises
  - Misrepresenting or Omitting Material Terms
  - Discouraging Involvement or Participation of
    - Independent legal counsel
    - Family Members in Counseling Session
  - Pattern or Practice of Failing to Make Required Disclosures
  
- Violation of Prohibited Practices
  - Termination of Lender Approval
  - Administrative Fines & Penalties

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### Puerto Rico – RM Consumer Protection Act

- Duty of Honesty, Good Faith & Fair Treatment
- Prohibited Acts
- CA-Style Complex Transaction Disclosure
- Spanish Language Requirement (All Documentation)
- Counseling Requirement
- CA-Style Counseling Disclosure
- Required Counseling Certificate Content
- 7 Day Cooling Off Period; Cooling Period Notice
- 3 Day Right of Rescission For All Reverse Mortgages
- Servicing Contact Disclosure (Closing/Annually/Upon Change)
- Annual Account Statement
- Prohibition on Marketing Representations
- Punitive Remedies (Loss of Lien/Treble Damages)

## Hawaii – SB 1519

- Exemption for RMs from “Prohibited Practice” of Originating Residential Mortgage Loan Based on Collateral Value Rather than Ability to Repay

## Near Misses

- Georgia HB 338
  - Face-to-Face Counseling Requirement
- New Mexico SB 406
  - A Foreclosure Bill that would have required loss mitigation measures directed at forward mortgages but did not exempt reverse mortgages.

## Dodd-Frank/Alternative Mortgage Transaction Parity Act

- AMTPA enacted in 1982 to permit state housing creditors to make alternative mortgages in same manner as federal housing creditors
- AMTPA preempted state laws prohibiting negative amortization, balloon payments, and variable interest rates
- Dodd-Frank narrowed preemption to state laws prohibiting variable interest rates

## NMLS Call Reports

- Quarterly Mortgage Call Report Components
  - Residential Mortgage Loan Activity Report
  - Financial Condition Report
- Required for Each State By Each Reportable Entity
- Standardizes Financial & Activity Reports; Does Not Absolve Compliance With Other Required State Reports
- Non-Public Information; Available to State Regulators
- Aggregate Data is Publicly Available

# **JOEL A. SCHIFFMAN**

**[schiffman@wbsk.com](mailto:schiffman@wbsk.com)**

**WEINER BRODSKY SIDMAN KIDER PC**

**8001 Irvine Center Drive, Suite 400**

**Irvine, CA 92618**

**Phone: 949-754-3010 Fax: 202-628-2011**

**Washington, DC Dallas, TX Newport Beach, CA**

**[www.wbsk.com](http://www.wbsk.com)**

