

2010 STATE LEGISLATIVE TRACKING CHART – REVERSE MORTGAGES NRMLA¹

STATE	BILL	SUMMARY	BILL HISTORY
Federal Legislation	HB 4419	The bill (the Reverse Mortgage Elder Protection Act) would establish certain counseling and disclosure requirements with respect to reverse mortgages by amending Section 138 of TILA. Among other things, a creditor would be required to provide an applicant with a 16-point disclosure and counseling checklist prior to taking an application. Also requires counseling referral and certification of counseling	01/12/10: Introduced; Referred to the House Committee on Financial Services.
ARIZONA	HB 2242	HB 2242 amends Title 6 of the Arizona Revised Statutes by adding a new chapter relating to reverse mortgages. Among other things, the bill would (1) require counseling by an independent 3 rd party; ² (2) counselors must follow uniform HUD-approved counseling protocols; (3) the originator must provide certain disclosures (including costs, interest rate, and fees), and receive a counseling certificate before completing a final application or assessing any fees; (4) the reverse mortgage must contain restrictions ensuring the homeowner does not fund any unnecessary costs for obtaining the reverse mortgage (e.g., estate planning, financial advice); (5) provides for prepayment without penalty; and (6) prohibits the originator from offering an annuity, investment, or other type of financial instrument before closing or before expiration of the homeowner's right to rescind. Bill revised to add HECM exemption, and other suggested changes.	01/14/10: Introduced and filed. 01/19/10: Assigned to Rules Committee. 01/20/10: Second reading. 02/12/10: Committee Report. 02/15/10: A Do Pass Amended vote in committee held (amended version of bill not yet posted). 03/02/10: Committee of the Whole Action 1: do pass amended. 03/08/10: Transmit to Senate; Engrossed. 03/09/10: Senate 1 st Read. 03/15/10: Senate 2 nd Read; Assigned to Rules Committee. 03/22/10: Amendment text. 03/31/10: Committee report. 04/14/10: Transmit to House; Engrossed. 04/20/10: Transmitted to Governor. 04/23/10: Signed (Effective: 07/29/10).

¹ This Chart was updated on August 12, 2010 by Weiner Brodsky Sidman Kider PC solely for use by NRMLA and may not be relied upon by others. This Chart summarizes 2010 state legislative items through and up to August 12, 2010 directly affecting reverse mortgages, is for informational purposes only, and is not intended as formal legal advice. This Chart is based upon compilations available to us as reported in fee-based electronic databases. While we relied upon such databases in the preparation of this Chart, we cannot assure that such databases produce timely or accurate information. Further, we have not undertaken to engage nor did we confer with locally licensed counsel or governmental relations specialists in any of the jurisdictions discussed in this Chart, nor have we consulted with state legislative staff in all such jurisdictions. Such consultations, if undertaken, may reveal additional information not reflected in this Chart.

² To qualify as an independent 3rd party, the counselor may not be associated with or compensated directly or indirectly by a party involved in any of the following: originating or servicing the reverse mortgage, funding the loan underlying the reverse mortgage, or selling annuities, investments, loan term care insurance, or any other type of financial or insurance product.

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CALIFORNIA	SB 660	<p>As most recently revised, CA SB 660 provides that any person or entity that recommends the purchase of a reverse mortgage for compensation or in expectation of compensation, paid directly or indirectly, owes the prospective borrower a duty of honesty, good faith, and fair dealing. "The duty of honesty, good faith, and fair dealing" shall mean and include an obligation to not do any of the following: (1) Make, or cause to be made, any false, deceptive, or misleading statement, representation, or omission in connection with a reverse mortgage; (2) Originate a reverse mortgage transaction or assess any fees upon a prospective applicant by use of undue influence, as defined in Section 1575; (3) Originate a reverse mortgage transaction for a wrongful purpose. A person or entity shall be deemed to have originated a reverse mortgage transaction for a wrongful purpose if the person or entity originated the reverse mortgage with respect to a consumer and knew or should have known that the reverse mortgage was likely to be harmful to the consumer; (4) Originate a reverse mortgage transaction, or assess any fee upon a prospective applicant, when the person or entity knows or should know that the applicant <i>lacks capacity</i> pursuant to Section 812 of the Probate Code, or is of unsound mind, but not entirely without understanding, pursuant to Section 39; (5) Originate a reverse mortgage transaction when the person or entity knows or should know that the reverse mortgage will be used as a tool of financial abuse of an elder as defined in Section 15610.30 of the Welfare and Institutions Code; (6) Offer, recommend, or provide a reverse mortgage that violates any provision of Section 1923.2 or 1923.5 (regarding generally, prohibited terms in connection with a reverse mortgage, and required disclosures, include the California Reverse Mortgage Important Disclosure and the Checklist). A person or entity shall not attempt to avoid the application of this division by doing any of the following: (1) Dividing any reverse mortgage transaction into separate parts for the purpose and with the intent of evading the provisions of this section, including, but not limited to, using the proceeds of the reverse mortgage to fund an annuity, insurance, or investment product within one year from origination of the reverse mortgage; (2) Any other subterfuge. The duties set forth in this section shall not be construed to limit or narrow any other duty of a lender, broker, person, or entity, including, but not limited to, the duties set forth in Section 2923.1 and Division 1.9 (commencing with Section 4995) of the Financial Code.</p>	<p>Note that this bill has been carried forward from the 2009 legislative session.</p> <p>02/02/10: File date. 06/14/10: (S) Returned to Assembly for further action; (A) Held at Desk. 06/21/10: (A) Action rescinded - bill was read a third time, passed, and ordered to the Senate. Placed on third reading. 06/24/10 (A) Read third time. Amended. Re-referred to Committee on Rules. 06/28/10 (A) From Committee: re-referred to Committees on Banking and Finance and Jud. Re-referred to Committee on Banking and Finance. 07/01/10: (A) Banking and Finance Committee Vote (Ayes 1, Noes 5); failed to pass. 07/01/10 Joint Rule 62(a) file notice suspended. (Ayes 47, Noes 28).*</p>

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STATE	BILL	SUMMARY	BILL HISTORY
CALIFORNIA (CONT'D)	AB 2066	In pertinent part, the bill amends the Insurance Code to make it improper to sell an annuity to a senior if the senior has a reverse mortgage or combines the purchase of a reverse mortgage with the purchase of an annuity.	02/18/10: Introduced. 02/21/10: From printer; May be heard in committee 03/23/10. 03/18/10: Referred to Committee on Insurance and Judiciary. 03/22/10: Re-referred to Committee on Judiciary by unanimous consent, and then be re-referred to Committee on Insurance. 04/07/10: (H) From Committee Chair, with author's amendments: amend, and re-refer to Committee on Judiciary; Read 2 nd time and amended. 04/14/10: (H) Read 2 nd time and amended. 04/15/10: Re-referred to Insurance Committee. 04/21/10: In Committee; set, 1 st hearing; held without recommendation.
CONNECTICUT	SB 370	Would required the CT Commissioner of Social Services to amend the Medicaid state plan to require that funds derived from equity in home property through a reverse annuity mortgage loan or other home equity conversion loan are not treated as income for the purpose of qualifying for benefits under the Medicaid program, provided (1) such funds are held in an account that does not contain any other funds, and (2) the Medicaid recipient does not transfer such funds to another person for less than fair market value.	03/02/10: Introduced; Referred to Joint Committee on Human Services. 03/05/10: Scheduled for public hearing on 03/11. 03/18/10: Joint favorable substitute. 03/22/10: Filed with Legislative Commissioner's Office. 03/29/10: Legislative Commissioners' Office referred to Office of Legislative Research and Office of Fiscal Analysis 04/06/10. 04/06/10: Amended/substituted. 04/21/10: No new file by Committee on Appropriations; Favorable report, tabled for the calendar, Senate. 05/03/10: Senate passed. 05/04/10: Favorable report, tabled for the calendar, House. 05/05/10: House passed. 05/17/10: Transmitted to Secretary of State; await Governor's approval. 05/27/10: Signed by Governor (Effective from passage).

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STATE	BILL	SUMMARY	BILL HISTORY
FLORIDA	SB 1532 (HB 845 companion bill)	SB 1532 includes provisions that include, among others, a definition of taking an application; specifies authorized fees and charges; requires lenders to provide borrowers certain loan information; specifies statute of limitations for collection of loan proceeds; prohibits lenders from requiring applicants to purchase certain financial products; provides for treble damages under certain circumstances. Also includes vague language re: lender’s ability to not make a reverse mortgage loan if the lender has reason to believe the borrower is unable to enter into a contract for any reason.	<p>01/27/10: Introduced. 02/03/10: Referred to Banking and Insurance. 02/05/10: On Committee Agenda, Banking and Insurance (02/16/10 @ 1:30 p.m.). 02/15/10: Senate Committee Substitute by Banking and Insurance (Yeas 8, Nays 0). 02/17/10: Senate pending reference review under Rule 4.7(2) (Committee Substitute). 03/02/10: Senate placed on Special Order Calendar – if received. 03/02/10: Introduced (Senate); Referred to Banking and Insurance; On Committee agenda-- Banking and Insurance, 02/16/10, 1:30 pm; Committee Substitute by- Banking and Insurance (Yeas 8, Nays 0); Committee Substitute read 1st time on 03/02/10; Pending reference review - under Rule 4.7(2) - (Committee Substitute); Placed on Calendar, on 2nd reading; Placed on Special Order Calendar; Read 2nd time. 03/03/10: Read 3rd time (Senate); Committee Substitute passed (Yeas 40, Nays 0). 03/16/10: (H) In Messages. 03/30/10: (H) Committee substitute read 1st time on 03/30/10; Pending review of committee substitute under Rule 7.20. 04/30/10: (H) Died In Messages.</p> <p>Note: Currently working on language to address doc/tax issue.</p>
FLORIDA (CONT'D)	HB 845	Companion bill to SB 1532.	<p>02/01/10: Filed. 02/10/10: Referred to Insurance, Business, and Financial Affairs Policy Committee; Referred to Policy Council; Referred to General Government Policy Council. 03/02/10: Introduced. 03/23/10: (H) On committee agenda, Insurance, Business, and Financial Affairs Committee 03/25/10. 03/25/10: Favorable with Committee Substitute by Insurance, Business & Financial Affairs Policy Committee. 04/07/10: (H) On Council agenda – Policy Council. 04/09/10: (H) Favorable by Policy Council (Yeas 11, Nays 0). 04/12/10: (H) On Council agenda – General Government Policy Council 04/14/10 @ 9:15 a.m. 04/15/10: (H) Placed on calendar; Reported out of General Government Policy Council; Added to 2nd Reading Calendar. 04/30/10: Died on 2nd Reading Calendar.</p>

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STATE	BILL	SUMMARY	BILL HISTORY
ILLINOIS	SB 3287	SB 3287 amends the Illinois High Risk Home Loan Act, and provides that a high risk home loan does not include a loan for reverse mortgage financing of residential real estate, including programs regulated by the FHA.	02/09/10: Filed with Secretary; First reading; Referred to Assignments. 02/24/10: Assigned to Financial Institutions. 03/03/10: Do pass Financial Institutions; Placed on calendar order of 2 nd Reading 03/04/10. 03/09/10: Second Reading; Placed on calendar for 3 rd reading. 03/10/10: 3 rd reading; Passed (53-1). 03/11/10: Arrived in House; Placed on calendar order of 1 st reading; 1 st Reading; Referred to Rules Committee. 04/21/10: Added several alternate co-sponsors.
INDIANA	SB 328	SB 328 repeals a provision concerning reverse mortgage loans made by savings associations and replaces with requirements for reverse mortgage loans made by creditors in first lien mortgage transactions. ³	01/11/10: (S) Introduced; First reading; Referred to Committee on Insurance and Financial Institutions. 01/26/10: (S) Committee report; Amend; Do pass; Adopted. 02/01/10: 2 nd reading; Amended; ordered engrossed; Prevailed voice vote. 02/02/10: 3 rd reading; passed (Yeas 50, Nays 0). 02/11/10: Committee Report: Do pass; Adopted. 02/09/10: (H) 1 st reading; Referred to Committee on Financial Institutions. 02/11/10: (H) Committee report; Do pass; Adopted. 02/22/10: (H) 2 nd Reading; Ordered engrossed. 02/25/10: (H) 3 rd reading; passed; (Yeas 95; Nays 0); Returned to Senate without amendments. 03/04/10: (S) Signed by the President pro tempore. 03/08/10: Signed by the Speaker; Enrolled. 03/12/10: Signed by Governor; Adopted (Effective: 07/01/10).

³ A creditor in a first lien mortgage transaction that qualifies as a FHA HECM or otherwise constitutes a reverse mortgage shall provide the debtor with a pamphlet that is approved by the department and that describes the availability of reverse mortgage counseling services provided by HUD-approved housing counselors. The debtor must receive the counseling services and present the creditor with the certificate before the creditor may make a first lien mortgage transaction.

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STATE	BILL	SUMMARY	BILL HISTORY
LOUISIANA	HB 792	<p>Among other things, the bill would (1) permit prepayment in whole or in part at any time without penalty; (2) provides for a fixed or adjustable interest rate; provides that a reverse mortgage may include costs and fees charged by the lender; (4) if a reverse mortgage loan provides for periodic advances to a borrower, the advances may not be reduced in amount or number based on any interest rate adjustment; (5) occurrences when the reverse mortgage may become due and payable; (6) prohibits the purchases of annuities as a condition of obtaining a reverse mortgage; (7) outlines lender’s duty to provide list of nonprofit counseling agencies; <u><i>(8) the borrower may rescind any reverse mortgage within 30 days of execution by providing written notice to the reverse mortgage lender, and any payments received in connection with the reverse mortgage must be returned within 15 days of rescission; (9) imposes a fiduciary duty, and outlines factors used to determine a breach of the fiduciary duty; and (10) damages provision.</i></u></p>	<p>03/18/10: Prefiled; Under the rules, provisionally referred to the Committee on Commerce. 03/19/10: First appeared in the Interim Calendar. 03/29/10: Introduced; (H) Read by title, under the rules, referred to the Committee on Commerce. 05/3/10: Reported by substitute. 05/4/10: Substitute adopted on House floor; became HB 1468.</p>

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STATE	BILL	SUMMARY	BILL HISTORY
LOUISIANA (CONT'D)	HB 1468	<p>Among other things, the bill would (1) permit prepayment in whole or in part at any time without penalty; (2) provides for a fixed or adjustable interest rate; provides that a reverse mortgage may include costs and fees charged by the lender; (4) if a reverse mortgage loan provides for periodic advances to a borrower, the advances may not be reduced in amount or number based on any interest rate adjustment; (5) occurrences when the reverse mortgage may become due and payable; (6) prohibits the purchases of annuities as a condition of obtaining a reverse mortgage; and (7) outlines lender’s duty to provide list of nonprofit counseling agencies.</p> <p><u><i>Additionally, the bill provides, in connection with a conventional reverse mortgage loan, at least seven calendar days prior to closing a reverse mortgage loan, a reverse mortgage lender shall provide the borrower with a loan term sheet or commitment letter outlining the 9 proposed terms of the loan and informing the borrower that the borrower is not obligated to proceed with the loan transaction.</i></u></p>	<p>Note: HB 1468 is a substitute for HB 792</p> <p>05/04/10: Introduced; (H) read by title; substitute title adopted; lies over in the same order of business; substitute for HB 792 reported by the Committee on Commerce (14 – 0).</p> <p>05/05/10: (H) Read by title; Ordered engrossed; Passed to 3rd reading; Regular calendar.</p> <p>05/07/10: Scheduled for floor debate 05/12/10.</p> <p>05/12/10: Read third time by title, amended, roll called on final passage. Finally passed, title adopted, ordered to the Senate.</p> <p>05/13/10: Received in the Senate. (S) Read first time by title and placed on calendar for second reading.</p> <p>05/17/10: (S) Read second time by title and referred to Committee on Commerce, Consumer Protection and International Affairs.</p> <p>05/26/10: Rules suspended; reported favorably.</p> <p>05/27/10: Read by title and referred to Legislative Bureau.</p> <p>06/01/10: Reported without Legislative Bureau amendments; read by title and passed to third reading and final passage (pending Senate final passage).</p> <p>06/09/10: Rules suspended; passed in Senate (Yeas 34, Nays 0).</p> <p>06/09/10: (H) Received from Senate without amendments.</p> <p>06/10/10: (H) Enrolled and signed by the Speaker of the House; (S) signed by the President of the Senate.</p> <p>06/11/10: Sent to the Governor for approval.</p> <p>06/21/10: Signed by Governor (Effective: 08/15/10).</p>

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STATE	BILL	SUMMARY	BILL HISTORY
MARYLAND	HB 799	<p>The bill will include provisions that address, among other things, the following: a prepayment penalty would not include any fees, payments, or other charges that would have been due if the reverse mortgage loan became due and payable; reverse mortgage loan may provide for a fixed, adjustable, or combination of such rates. The loan may include only those costs and fees charged by the lender, loan originator, or loan servicer, and applies to all costs and fees charged in connection with a reverse mortgage loan, including costs and fees charged upon execution of the loan, on a periodic basis, or upon maturity of the loan; a reverse mortgage loan becomes due and payable when the home securing the loan is sold or title to the home is otherwise transferred; standard" cross selling prohibitions; and Except for a bona fide error of computation, if a lender violates any provision of the bill, the lender may collect only the principal amount of the reverse mortgage loan and may not collect any interest, costs, fees, or other charges with respect to the loan. Additionally, a lender who knowingly violates any provision of the bill shall (if applicable) forfeit to the borrower three times the amount of interest and charges collected in excess of that authorized by law. Criminal liability provisions are also included in the bill.</p>	<p>02/09/10: Introduced. 03/26/10: Latest bill version engrossed. 03/29/10: (H) Favorable with amendments report by economic matters. 04/02/10: (S) Hearing 04/07/10 @ 1:00 p.m. 04/08/10: (S) Favorable with amendments report by Finance. 04/09/10: Amended/substituted. Note: Unofficial confirmation bill has passed the General Assembly and has been sent to Governor for signature. 05/20/2010: Action after passage in House and Senate: Approved by Governor (Effective: 10/01/10).</p>

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STATE	BILL	SUMMARY	BILL HISTORY
<p align="center">MARYLAND (CONT'D)</p>	<p>SB 878 HB (799 Companion Bill)</p>		<p>02/15/10: First Reading Senate Rules. 02/18/10: Re-referred Finance. 02/22/10: Hearing canceled. 02/25/10: Hearing scheduled 03/16/10 @ 1:00 p.m. 03/15/10: Hearing canceled; Hearing 03/23 @ 1:00 p.m. 04/01/10: (H) 1st reading House Rules and Executive Nominations. 04/03/10: Favorable with amendments report adopted; 2nd reading passed with amendments. 04/04/10: 3rd reading passed (47-0). 04/07/10: (S) Favorable with amendments report by Finance. 04/10/10: (H) Re-referred Economic Matters. 04/12/10: Favorable report by Economic Matters. 5/20/2010: Action after passage in Senate and House: Approved by Governor (Effective: 10/01/10).</p>

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STATE	BILL	SUMMARY	BILL HISTORY
MASSACHUSETTS	S1379 (H3571 Companion Bill)	Among other things, S1379 provides that no mortgagee who makes a reverse mortgage ⁴ loan to a borrower shall make a reverse mortgage loan unless the mortgagor affirmatively opts in writing for the reverse mortgage and has received certification from a counselor with a third-party organization that the mortgagor has received counseling in person on the suitability of the loan transaction; provided further that said third party organization shall have been approved by: (1) HUD; (2) the Massachusetts Executive Office of Elder Affairs. At or before closing such a loan, the mortgagee shall obtain evidence that the mortgagor has completed an approved counseling program. If such reverse mortgage loan is made by a mortgagee in violation of this section, the terms of the loan shall not be enforceable. The Commissioner of Banks shall issue guidelines or adopt regulations to administer and carry out this section and to further define the terms used in this section.	<p>01/20/09: (S) Referred to Joint Committee on Revenue. 01/20/09: (H) House concurred. 04/27/09: (S) Discharged to the Joint Committee on Housing. 04/30/09: (H) House concurred; Public hearing date 05/19 @ 10:30 a.m. 04/01/10: (S) Accompanied a new draft (S02355).</p> <p><u>S2355</u> 04/01/10: Reported from the committee on Joint Committee on Housing; Bill reported favorably by committee and referred to the Senate Committee on Ways and Means. 04/26/10: Committee recommended ought to pass with an amendment, substituting therefore a new draft (see S2394); Rules suspended; Read 2nd, amended (as recommended by the committee on Ways and Means) and ordered to a third reading.</p> <p><u>S2394</u> 04/26/10: Introduced; (S) Ordered to 3rd reading. 04/29/10: (S) Passed to be engrossed. 04/29/10: Senate floor amendment; reprinted as amended S.2407.</p>

⁴ A “reverse mortgage” is defined as a nonrecourse mortgage loan in which: (1) a mortgage, deed of trust, or equivalent consensual security interest securing one or more advances is created in the consumer’s principal dwelling located in Massachusetts; and (2) any principal, interest, or shared appreciation or equity is due and payable (other than in the case of default) only after: (i) the consumer dies; (ii) the dwelling is transferred; or (iii) the consumer ceased to occupy the dwelling as a principal dwelling.

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STATE	BILL	SUMMARY	BILL HISTORY
MASSACHUSETTS (CONT'D)	H3571 (S1379 Companion Bill)	Same as S1379.	01/20/09: (H) Referred to the Joint Committee on Housing. 01/20/09: (S) Senate concurred; Public hearing date 05/19 @ 10:30 a.m. 04/08/10: (H) Accompanied a new draft (H04595). <u>H4595</u> 04/08/10: Reported from the committee on Joint Committee on Housing; Bill reported favorably by committee and referred to the House Committee on Ways and Means.
	SB 479	This bill introduces legislation affecting an “Authorized Reverse Mortgage Loan Originator,” defined as a mortgage loan originator approved by the Massachusetts Division of Banks to negotiate, arrange, or sell reverse mortgages to consumers. No natural person shall act as an Authorized Reverse Mortgage Loan Originator (“ARLO”) unless licensed. A natural person who meets the definition of a ARLO prior to enactment of SB 479 shall file an application and obtain a license within 180 days of enactment. An entity shall not knowingly employ or retain a ARLO unless the ARLO is licensed.	01/16/09: Filed. 09/21/09: Hearing scheduled 09/30/09. 04/27/10: (S) Accompanied study order (see SB 2397).

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STATE	BILL	SUMMARY	BILL HISTORY
MASSACHUSETTS (CONT'D)	SB 2407	<p>Among other things, S2407 provides that no mortgagee who makes a reverse mortgage loan to a mortgagor⁵ shall make a reverse mortgage loan unless (1) the mortgagor affirmatively opts in writing for the reverse mortgage and (2) at or before closing, the mortgagee has received written certification from a counselor with a third-party organization that the mortgagor has received counseling <i>in person</i> on the suitability of the loan transaction; provided further that said third party organization shall have been approved by the Massachusetts Executive Office of Elder Affairs. If a reverse mortgage loan is made by a mortgagee with a mortgagor that has not received counseling by an approved third party organization, the terms of the loan shall not be enforceable. The Commissioner of Banks shall adopt regulations to administer and implement this section.</p> <p>Note that, pursuant to the amendments adopted, the in-person counseling requirement will take effect on August 1, 2012, but the remaining reverse mortgage provisions of the bill are to take effect on November 1, 2010.</p>	<p>04/29/10: Introduced; (S) passed to be engrossed. 05/04/10: (H) Referred to House Committee. 07/27/10: (H) Committee recommended ought to pass with an amendment, inserting in place thereof the text of House document 4934. 07/27/10: (H) Referred to House Committee on Steering, Policy and Scheduling with amendment pending. 07/27/10: (H) Committee reported that the matter be placed in the Orders of the Day for the next sitting for a second reading with the amendment pending. 07/27/10: (H) Rules suspended. Read second. 07/27/10: (H) New text substituted, see H4934; ordered to a third reading. 07/27/10: (H) Read third (title changed). 07/27/10: (H) Quorum roll call 148 members in attendance; passed to be engrossed (155 Yeas to 0 Nays). 07/28/10: (S) Rules suspended; Senate concurred in the House amendment. 07/28/10: Emergency preamble adopted; enacted in House; enacted in Senate and laid before the Governor. 08/07/10: Signed by the Governor (Effective: 08/07/10).</p> <p><u>H4934</u> 07/27/10: (H) Reported from the Committee on Ways and Means. 07/27/10: (H) Recommended new text for S2407; substituted as new text for S2407. 07/27/10: Amendment 4 adopted, as changed. 07/27/10: Amendment 6 rejected. 07/27/10: Amendment 7 rejected.</p>

⁵ “Mortgagor” is defined as an applicant for a reverse mortgage who: (1) has a gross income of less than 50 percent of the area median income, as periodically determined by the United States Department of Housing and Urban Development; and (2) possesses assets, excluding a primary residence, valued at less than \$120,000.

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MINNESOTA	SB 2430 (HF 2699 companion bill)	Among other things, the bill defines a reverse mortgage loan as a loan (1) made to a borrower wherein the committed principal amount is paid to the borrower in equal or unequal installments over a period of months or years, interest is assessed, and authorized closing costs are incurred as specified in the loan agreement, (2) secured by a mortgage on residential property owned solely by the borrower, and (3) which is due upon the death of the last surviving borrower, or upon the borrower terminating use of the property as principal residence so as to disqualify the property from the homestead credit. The bill also provides guidance re: appraisal limitations; counseling (among other things, lender would be liable to the borrower for \$1,000 in civil penalty for failing to comply with this requirement) that includes a review of the advantages and disadvantages of a reverse mortgage loan; a lender who fails to make loan advances and fails to cure an actual default after notice shall forfeit any right to repayment of the outstanding loan balance on a mortgage that is not federally insured; borrower shall have a 7-day cooling off period and has the right to rescind the loan within 3 days of execution.	02/08/10: Introduction and first reading; referred to Commerce and Consumer Protection. 03/11/10: Committee report; to pass as amended and re-refer to Judiciary. 03/17/10: Committee report; to pass as amended. 03/17/10: 2 nd reading. 05/07/10: General orders: to pass as amended. 05/08/10: Calendar: 3 rd reading passed; Rules suspended; lie-over waived. 05/10/10: Received from Senate; (H) first reading. 05/11/10: Bills not identical, Senate file substituted in House. Second reading. 05/14/10: (H) Third reading. Bill passed. 05/15/10: Presented to Governor. 05/19/10: Approved by Governor (Effective: 08/01/10).
	HF 2699 (SB 2430 companion bill)		02/04/10: Introduction and first reading; referred to Civil Justice. 03/18/10: Committee report; to pass as amended and re-refer to Commerce and Labor. 03/23/10: Committee report; to pass as amended. 03/23/10: 2 nd reading. 05/11/10: Bills not identical, SF2430 substituted. HF2699 indefinitely postponed.

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MISSOURI	HB 2313	<p>The bill would require an authorized lender who makes or brokers a reverse mortgage loan to allow for a repayment period of not less than 15 years for any payment due on a reverse mortgage loan after the death of the person who entered the loan at the average interest rate on mortgage loans in effect as of the date of death if such payment is to be due by the heirs of such person.</p> <p>The bill also mandates additional disclosures to the heirs of the decedent homeowner.</p>	<p>03/15/10: Introduced and read the 1st time (H). 03/16/10: Read 2nd time (H). 05/14/2010: Referred to Small Business Committee (H).</p>

2010 NRMLA STATE LEGISLATIVE TRACKING CHART – REVERSE MORTGAGES

STATE	BILL	SUMMARY	BILL HISTORY
NEBRASKA	LB 892	LB 892 amends Nebraska Residential Mortgage Licensing Act (the “Act”) to include following provisions regarding reverse mortgages: Provides that reverse mortgage loans shall be governed without regard to certain requirements set out elsewhere for other types of mortgage transactions; ⁶ reverse mortgage loans may be made or acquired without regard to certain provisions for other types of mortgage transactions; ⁷ A licensee may in connection with a reverse mortgage loan, charge to the borrower (a) a nonrefundable loan origination fee which does not exceed 2% of the appraised value of the owner-occupied principal residence at the time the loan is made, (b) a reasonable fee paid to third parties originating loans on behalf of the licensee, and (c) such other fees as are necessary and required, including fees for inspections, insurance, appraisals, and surveys; a licensee failing to make loan advances as required in the loan documents and failing to cure the default as required in the loan documents shall forfeit to the borrower an amount equal to the greater of \$200.00 or 1% of the amount of the loan advance the licensee failed to make.	01/11/10: Introduced. 01/12/10: Referred to Banking, Commerce, and Insurance Committee. 01/14/10: Notice of hearing for 01/26/10. 02/01/10: Placed on General File. 02/02/10: Pirsch name added. 02/09/10: Advanced to Enrollment and Review Initial. 02/11/10: Placed on Select File. 02/19/10: Advanced to enrollment and review for engrossment. 02/25/10: Enrolled; Presented to Governor. 03/03/10: Approved by Governor; Adopted (Effective: 03/03/10).
NEW JERSEY	A787	A787 establishes the New Jersey Senior Citizen Taxpayer Reverse Mortgage Program. The bill would establish a program for the granting of reverse mortgages for the purpose of payment of property taxes by senior citizens through the equity in their homes.	01/12/10: Introduced; Referred to Assembly Housing and Local Government Committee.
	A1459 (S193 Companion Bill)	A1459 prohibits financing of certain preneed funeral arrangements with a reverse mortgage.	01/12/10: Introduced; Referred to Assembly Financial Institutions and Insurance Committee. 02/08/10: Withdrawn from consideration.

⁶ (a) Payment in whole or in part is permitted without penalty at any time during the period of the loan; (b) an advance and interest on the advance have priority over a lien filed after the closing of a reverse-mortgage loan; (c) an interest rate may be fixed or adjustable and may also provide for interest that is contingent on appreciation in the value of the residential real estate; and (d) the advance shall not be reduced in amount or number based on an adjustment in the interest rate when a reverse-mortgage loan provides for periodic advances to a borrower.

⁷ (a) Limitations on the purpose and use of future advances or any other mortgage proceeds; (b) limitations on future advances to a term of years or limitations on the term of credit line advances; (c) limitations on the term during which future advances take priority over intervening advances; (d) requirements that a maximum mortgage amount be stated in the mortgage; (e) limitations on loan-to-value ratios; (f) prohibitions on balloon payments; (g) prohibitions on compounded interest and interest on interest; and (h) requirements that a percentage of the loan proceeds must be advanced prior to loan assignment.

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STATE	BILL	SUMMARY	BILL HISTORY
NEW YORK	A 6763	The bill provides that a lender providing a reverse mortgage to a person who is 60 years or older may receive not more than 20% of the future appreciation of property secured by the mortgage as consideration for providing the reverse mortgage.	01/06/10: Referred to Assembly Judiciary. Note: This bill is designated "same as" S01339.
	S 1339	Same as AB 6763	01/06/10: Referred to Aging.
	S 2029	Among other things, establishes a reverse loan mortgage loan program for low income seniors, and provides for the state of NY mortgage agency to establish many of the parameters for the implementation of the program.	01/06/10: Referred to Senate Corporations, Authorities and Commissions. Note: This bill is designated "same as" A01371.
	A 01371	Same as SB 2029.	01/06/10: Referred to Housing.
	S 2035	Amends New York real property law by providing that a reverse mortgage loan may be secured by a cooperative apartment. Changes borrower age eligibility requirement for a reverse mortgage from 60 to 62 years. Note that NY law exempts FHA HECMs.	01/06/10: Referred to Senate Aging. 06/01/10: 1 st Report Cal. 679 06/02/10: 2 nd Report Cal. 06/03/10: Advanced to Third Reading.
	A 4492	Directs that long term care counseling shall be provided to individuals participating in the public retirement systems of the state and city of New York, and such counseling shall include reverse mortgages.	01/06/10: Referred to Assembly Governmental Employees.
	A 5418	Establishes NY compact for long term care; provides certain tax credits; requires federal financial participation; requires that the state provide assurance of quality of services in designing the waiver; outlines participation in such compact and pledge amounts; describes fraudulent practices. In pertinent part, the amount received from a reverse mortgage, if expended within 30 days of the time in which received, shall not be considered as income or assets.	01/06/10: Referred to Assembly Aging.

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STATE	BILL	SUMMARY	BILL HISTORY
NEW YORK (CONT'D)	A 00889	Amends the public authorities law in relation to authorizing the New York mortgage agency to issue reverse mortgage loans.	01/06/10: Referred to Housing. 05/08/10: (H) Committee meeting set for Assembly Housing 05/11/10 @ 2:00 p.m. 05/11/10: (H) Held for consideration in Assembly Housing.
PENNSYLVANIA	Department of Banking Statement of Policy	<p>The Department of Banking has issued a statement of policy on reverse mortgages “to provide guidance to licensees regarding the Department’s interpretation of the proper conduct of making originating or servicing reverse mortgage loans and to inform licensees of the proper use of, and risk associated with, reverse mortgage loans.”</p> <p>The statement directs reverse mortgage lenders to consider such factors as the applicant’s circumstances (unsuitability), the discussion of alternatives to reverse mortgages loans with the borrower, borrower counseling, the impact of the loan on nonborrower spouses, conflicts of interests, mental capacity of the borrower, and loans made pursuant to powers of attorney. The statement also addresses several issues impacting proprietary reverse mortgage lenders, in particular, including the financial strength of the lender and consumer protections in proprietary reverse mortgage loan agreements.</p>	07/10/10: Department of Banking published a Statement of Policy on Reverse Mortgages in the Pennsylvania Bulletin.

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STATE	BILL	SUMMARY	BILL HISTORY
VERMONT	S.287	S.287 relates to the licensing and regulation of loan servicers. The definition of “servicing” includes, in the case of a HECM or reverse mortgage, making payment to the borrower.	02/09/10: Committee bill read the first time and placed on Notice Calendar per Senate Rule. 02/10/10: Committee Bill for Second Reading. 02/12/10: New Business/Committee Bill for 2 nd Reading; Read the 2 nd time; 3 rd reading ordered. 02/16/10: New Business/3 rd Reading; Read the 3 rd time and passed; As passed by the Senate; Engrossed. 02/19/10: Read 1 st time in House; Referred to the Committee on Commerce and Economic Development. 04/16/10: Referred to Committee on Ways and Means. 04/21/10: Proposal of Amendment of the Committee on Commerce and Economic Development agreed to; 3 rd reading ordered. 04/22/10: Read 3 rd time and passed in Concurrence with Proposal of Amendment; 04/26/10: House proposal of amendment. 04/27/10: New business; house proposal of amendment. 04/29/10: (S) Rules suspended and ordered to be delivered to Governor forthwith on motion from Senator Shumlin; Enrolled. 05/11/10: Signed by Governor on May 8, 2010; Adopted (Effective: 01/01/11).

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STATE	BILL	SUMMARY	BILL HISTORY
WASHINGTON	HB 2608	<p>HB 2608 relates to the licensing of residential mortgage loan servicers through the NMLS and clarifying the existing authority of the regulator to regulate residential mortgage loan modification services. "Service or servicing a reverse mortgage loan" means, pursuant to an agreement with the owner of a reverse mortgage loan, calculating, collecting, or receiving payments of interest or other amounts due, administering advances to the borrower, and providing account statements to the borrower or lender. Note there are additional requirements regarding servicing fees.</p>	<p>01/08/10: Prefiled. 01/11/10: Introduced. 01/14/10: Scheduled for public hearing in the House Committee on Financial Institutions & Insurance. 01/19/10: House Minority; Do not pass. 01/20/10: House Bill Report. 01/21/10: Referred to General Government Appropriations. 02/12/10: 3rd reading; Passed (Yeas 77, Nays 20). 02/15/10: (S) First reading, referred to Financial Institutions, Housing & Insurance. 02/23/10: (S) Scheduled for public hearing in the Senate Committee on Financial Institutions and Housing & Insurance at 10:00 AM. (subject to change). 02/25/10: (S) FIHI – majority; Do pass. 03/01/10: (S) Placed on 2nd reading by Rules Committee. 03/02/10: (S) Rules suspended; Placed on 3rd reading; 3rd reading passed (Yeas 40, Nays 6). 03/04/10: (H) Speaker signed. 03/05/10: (S) President signed; Enrolled. 03/12/10: Governor signed; Adopted (Effective: 07/01/10).</p>

2010 NRMLA STATE LEGISLATIVE TRACKING CHART – REVERSE MORTGAGES

STATE	BILL	SUMMARY	BILL HISTORY
WASHINGTON (CONT'D)	SB 6406	Companion bill to HB 2608.	01/13/10: Introduced. 02/03/10: Executive action taken in the Senate Committee on Financial Institutions and Housing & Insurance @ 3:30 p.m. 02/05/10: FIHI - Majority; do pass; Minority; without recommendation; Passed to Rules Committee for second reading. 02/10/10: Made eligible to be placed on second reading. 02/11/10: Placed on second reading by Rules Committee. 02/26/10: Senate Rules "X" file (i.e., bill will most likely not advance). 03/16/10: By resolution, reintroduced and retained in present status.
	SB 5400	(1) Unless exempt, Lenders who are licensed by DFI under the CLA must meet two requirements in order to offer proprietary reverse mortgage loans: (a) must maintain irrevocable letters of credit sufficient to meet known and expected mortgage payments for the next 12 months; and (b) must maintain at least \$10 million of capital or have a binding written commitment for at least that amount from a parent company. (2) Lenders cannot offer proprietary reverse mortgage loan products unless those products have been pre-approved by DFI. (3) Lender must pay late charge to borrower for any late advance on a proprietary reverse mortgage. (4) Prohibits requiring an applicant for a reverse mortgage to purchase an annuity as a condition of obtaining the reverse mortgage loan. (5) Borrower must be referred to independent counseling.	01/11/10: Companion bill to EHB 1311, which was enacted in Washington state in 2009. By resolution, reintroduced and retained in present status. Made eligible to be placed on third reading. ⁸ <i>(Not clear that this bill will have any movement; but it is possible amendments could be made, further revising Washington's reverse mortgage statute enacted in 2009).</i> 01/26/10: Senate Rules "X" file (i.e., bill will most likely not advance). 03/15/10: (S) By resolution, reintroduced and retained in present status.

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⁸ Note: The substitute bill, which passed and was engrossed on 03/12/09, included the following amendments: (1) Requires lenders or any other third party that participates in the origination of a reverse mortgage loan to maintain safeguards acceptable to the DFI to ensure that individuals offering reverse mortgage loans do not provide borrowers with any other financial or insurance product. (2) Reverse mortgage applicant must receive certified counseling before lender may accept a final and complete reverse mortgage application. (3) Borrower in a proprietary reverse mortgage transaction has same right to rescind the transaction as provided in TILA.