

1 H.706

2 Introduced by Representatives Walz of Barre City, Anthony of Barre City,
3 Birong of Vergennes, Morris of Springfield, Taylor of
4 Colchester, Townsend of South Burlington, and Yacovone of
5 Morristown

6 Referred to Committee on

7 Date:

8 Subject: Commerce and trade; financial services

9 Statement of purpose of bill as introduced: This bill proposes to allow the sale
10 of proprietary reverse mortgage products on properties that do not qualify for a
11 Home Equity Conversion Mortgage or that exceed the Federal Housing
12 Administration lending limit based on assessed value.

13 An act relating to allowing the sale of proprietary reverse mortgage
14 products

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. 8 V.S.A. § 10704 is amended to read:

17 § 10704. LIMITATION ON REVERSE MORTGAGE LOAN PROGRAMS

18 (a) ~~Not~~ Except as provided in subsection (b) of this section, a financial
19 institution shall not issue a reverse mortgage loan unless ~~it~~:

1 (1) the financial institution is a lender approved by the federal
2 Department of Housing and Urban Development (HUD) to enter into a loan
3 insured by the federal government; and

4 (2) the reverse mortgage loan;

5 (A) complies with all requirements for participation in the HUD
6 Home Equity Conversion Mortgage Program, (or other similar federal reverse
7 mortgage loan program from time to time created); and

8 (B)(i) is insured by the Federal Housing Administration or other
9 similar federal agency; or

10 (ii) is a ~~government sponsored~~ government-sponsored enterprise
11 reverse mortgage loan.

12 (b) A financial institution may issue a reverse mortgage loan that meets the
13 following conditions:

14 (1) the reverse mortgage loan is a non-recourse loan;

15 (2) the financial institution provides a side-by-side comparison of the
16 terms of the reverse mortgage loan and a comparable loan offered through the
17 Home Equity Conversion Mortgage Program;

18 (3) the reverse mortgage loan delivers substantive value over the Home
19 Equity Conversion Mortgage Program beyond avoiding the Federal Housing
20 Administration insurance premium;

1 (4) the property is subject to the reverse mortgage loan appraises for an
2 amount that exceeds the Federal Housing Administration lending limit or does
3 not qualify for Federal Housing Administration insurance; and

4 (5) prior to submitting an application, the prospective borrower receives
5 counseling from a qualified person of his or her choosing that compares loans
6 that are offered through the Home Equity Conversion Mortgage Program and
7 loans that are not.

8 Sec. 2. EFFECTIVE DATE

9 This act shall take effect on July 1, 2020.