

105TH CONGRESS  
1ST SESSION

# H. R. 1474

To amend section 255 of the National Housing Act to prohibit the charging of unreasonable and excessive fees in connection with equity conversion mortgages for elderly homeowners, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1997

Mr. BROWN of California (for himself, Mr. FILNER, Ms. LOFGREN, Mr. DEL-LUMS, Mr. TORRES, and Mr. CAPPS) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend section 255 of the National Housing Act to prohibit the charging of unreasonable and excessive fees in connection with equity conversion mortgages for elderly homeowners, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “HUD Reverse Mort-  
5       gage Program Protection Act”.

1 **SEC. 2. PERMANENT MORTGAGE INSURANCE AUTHORITY.**

2 Section 255(g) of the National Housing Act (12  
3 U.S.C. 1715z–20(g)) is amended by striking the first 2  
4 sentences.

5 **SEC. 3. DISCLOSURE REQUIREMENTS; PROHIBITION OF UN-**  
6 **REASONABLE AND EXCESSIVE FEES FOR RE-**  
7 **FERRAL SERVICES.**

8 Section 255(d) of the National Housing Act (12  
9 U.S.C. 1715z–20(d)) is amended—

10 (1) in paragraph (2)—

11 (A) in subparagraph (B), by striking  
12 “and” at the end;

13 (B) by redesignating subparagraph (C) as  
14 subparagraph (D); and

15 (C) by inserting after subparagraph (B)  
16 the following:

17 “(C) has received full disclosure of all costs  
18 to the mortgagor for obtaining the mortgage,  
19 including any costs of estate planning, financial  
20 advice, or other related services; and”;

21 (2) in paragraph (9)(F), by striking “and”;

22 (3) in paragraph (10), by striking the period at  
23 the end and inserting “; and”; and

24 (4) by adding at the end the following:

25 “(11) have been made subject to such require-  
26 ments as the Secretary shall establish to ensure, as

1 the Secretary determines appropriate, that the mort-  
2 gator is not charged unreasonable or excessive fees  
3 (as determined by the Secretary) for referrals in  
4 connection with obtaining the mortgage (including  
5 referrals relating to repairs, inspections, financial  
6 services, estate planning, insurance, title assistance,  
7 and other related services).”.

8 **SEC. 4. CONSUMER EDUCATION.**

9 Section 255(f) of the National Housing Act (12  
10 U.S.C. 1715z–20(f)) is amended—

11 (1) in the subsection heading, by striking “IN-  
12 FORMATION SERVICES FOR MORTGAGORS” and in-  
13 sserting “CONSUMER EDUCATION AND INFORMA-  
14 TION”; and

15 (2) by adding at the end the following:

16 “The Secretary shall carry out such actions and establish  
17 such requirements as the Secretary considers appropriate  
18 (A) to ensure that mortgagors under mortgages insured  
19 under this section receive adequate consumer education,  
20 including the counseling required under subsection  
21 (d)(2)(B) and education regarding the requirements es-  
22 tablished pursuant to subsection (d)(11), (B) to ensure  
23 that such consumer education is made generally available  
24 to elderly homeowners interested in mortgages insured  
25 under this section, and (C) to increase public access to

1 entities approved by the Secretary that provide counseling  
2 regarding mortgages insured under this section and refer-  
3 rals to lenders for such mortgages.”.

4 **SEC. 5. IMPLEMENTATION.**

5 (a) NOTICE.—The Secretary of Housing and Urban  
6 Development shall, by interim notice, implement the  
7 amendments made by this Act in an expeditious manner,  
8 as determined by the Secretary. Such notice shall not be  
9 effective after the date of the effectiveness of the final reg-  
10 ulations issued under subsection (b).

11 (b) REGULATIONS.—The Secretary shall, not later  
12 than the expiration of the 90-day period beginning on the  
13 date of the enactment of this Act, issue final regulations  
14 to implement the amendments made by this Act. Such reg-  
15 ulations shall be issued only after notice and opportunity  
16 for public comment pursuant to the provisions of section  
17 553 of title 5, United States Code (notwithstanding sub-  
18 sections (a)(2) and (b)(B) of such section).

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