

110TH CONGRESS  
2D SESSION

# H. R. 5758

To prohibit authorized lenders of home equity conversion mortgages from requiring seniors to purchase an annuity with the proceeds of a reverse mortgage, and to provide other consumer protections to reverse mortgage borrowers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2008

Ms. LEE introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To prohibit authorized lenders of home equity conversion mortgages from requiring seniors to purchase an annuity with the proceeds of a reverse mortgage, and to provide other consumer protections to reverse mortgage borrowers, 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 “Reverse Mortgage Pro-  
5 ceeds Protection Act”.

1 **SEC. 2. PROHIBITION ON REQUIRED PURCHASE OF AN AN-**  
2 **NUITY.**

3 Section 255 of the National Housing Act of 1937 (12  
4 U.S.C. 1715z-20) is amended—

5 (1) by striking subparagraph (B) of subsection  
6 (d)(2) and inserting the following new subparagraph:

7 “(B) has received adequate counseling by a  
8 third party (other than a reverse mortgage  
9 lender, servicer or investor, or an entity en-  
10 gaged in the sale of annuities, investments,  
11 long-term care insurance, or any other type of  
12 financial or insurance product) as provided in  
13 subsection (f);”;

14 (2) by striking the first sentence of subsection  
15 (f) and inserting the following new sentence: “The  
16 Secretary shall provide or cause to be provided and  
17 paid for by entities other than a reverse mortgage  
18 lender, servicer or investor, or an entity engaged in  
19 the sale of annuities, investments, long-term care in-  
20 surance, or any other type of financial or insurance  
21 product the information required in subsection  
22 (d)(2)(B).”;

23 (3) by striking subsection (l);

24 (4) by redesignating subsection (m) as sub-  
25 section (l);

1           (5) by striking subsection (l), as so redesignated, and inserting the following new subsection:

2           “(l) FUNDING FOR COUNSELING.—The Secretary  
3 may, in his or her discretion, use a portion of the mortgage insurance premiums collected under the program  
4 under this section to adequately fund the counseling and  
5 disclosure activities required under subsection (f), including counseling for those homeowners who elect not to take  
6 out a home equity conversion mortgage.”; and

7           (6) by adding at the end the following new subsection:

8           “(m) REGULATIONS TO PROTECT ELDERLY HOMEOWNERS.—

9           “(1) IN GENERAL.—Not later than 6 months after the date of the enactment of the Reverse Mortgage Proceeds Protection Act, the Secretary shall, in consultation with other relevant Federal departments and agencies, prescribe regulations to help protect elderly homeowners from the marketing of financial and insurance products not in the interest of such homeowners, including the marketing or sale of an annuity as a condition of obtaining any home equity conversion mortgage.

10           “(2) CONSULTATION.—In developing the regulations required under paragraph (1), the Secretary

1 shall consult with consumer advocates (including  
2 recognized experts in consumer protection), industry  
3 representatives, representatives of counseling organi-  
4 zations, and other interested parties.”.

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