

110TH CONGRESS
1ST SESSION

S. 2490

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.

IN THE SENATE OF THE UNITED STATES

DECEMBER 14, 2007

Mrs. McCASKILL (for herself, Mr. KOHL, and Mr. CARPER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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.

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 by—

5 (1) amending subsection (d)(2)(B) to read as
6 follows:

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) amending the first sentence of subsection
15 (f) to read as follows: “The Secretary shall provide
16 or cause to be provided and paid for by entities
17 other than a reverse mortgage lender, servicer or in-
18 vestor, or an entity engaged in the sale of annuities,
19 investments, long-term care insurance, or any other
20 type of financial or insurance product the informa-
21 tion required in subsection (d)(2)(B).”;

22 (3) striking subsection (l);

23 (4) redesignating subsection (m) as subsection
24 (l);

25 (5) amending subsection (l), as so redesignated,
26 to read as follows:

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

8 (6) adding at the end the following:

9 “(m) REGULATIONS TO PROTECT ELDERLY HOME-
10 OWNERS.—Not later than 6 months after the date of en-
11 actment of the Reverse Mortgage Proceeds Protection Act,
12 the Secretary shall, in consultation with other relevant
13 Federal departments and agencies, promulgate regulations
14 to help protect elderly homeowners from the marketing of
15 financial and insurance products not in the interest of
16 such homeowners, including the marketing or sale of an
17 annuity as a condition of obtaining any home equity con-
18 version mortgage. In developing the regulations required
19 under this subsection, the Secretary shall consult with
20 consumer advocates (including recognized experts in con-
21 sumer protection), industry representatives, representa-
22 tives of counseling organizations, and other interested par-
23 ties.”.

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