



## Real Possibilities

### Testimony of AARP CT

#### **S.B. 226: AAC Informed Consent for Reverse Mortgage Transactions Banks Committee**

Dear Members of the Banks Committee,

Thank you for your leadership in advancing consumer protections around reverse mortgages for non-borrowing spouses. This is a major issue of concern for AARP and we appreciate the opportunity to suggest changes that will strengthen the proposal and better achieve your objectives.

AARP is a nonpartisan social mission organization with an age 50+ membership of nearly 37 million nationwide, and over 603,000 here in Connecticut. AARP believes that one's possibilities should never be limited by their age and that, in fact, age and experience can expand your possibilities, whether they be personal or professional. AARP is a network of people, tools and information and an ally on issues that affect the lives of our members and the age 50+ population in general.

We have been involved in federal litigation to protect the rights of spouses not parties to a reverse mortgage transaction, so non-borrowing spouses can continue to remain in their home after their spouse passes away. The federal reverse mortgage law says that the spouse of a reverse mortgage borrower must be permitted to remain in the home after the borrowing spouse dies, even if s/he is not named on the mortgage or deed to the property.

In our view, this means that there can be no "informed consent" that could justify removal of the spouse if s/he has the right under federal law to stay after the borrowing spouse dies. The federal court in D.C. held in September 2013 that the language of the law is clear and that HUD has violated it by passing regulations and using mortgage documents that call the mortgage due when the borrower dies. This decision is on appeal to the D.C. Circuit.

With this in mind, we have two recommendations that would strengthen S.B. 226 and help achieve your objective to help a surviving spouse remain in his/her home.

First, we would recommend that the proposed legislation specify that the informed consent requirement is in addition to any rights available under federal law and does not undercut the substantive right of a surviving spouse to remain in the home even if informed consent is obtained.

Second, we have some concern that the proposal extends beyond the spouse to include others like an adult child or relative living with the older adult, etc. In this respect, we are concerned that the requirement to obtain informed consent from a non-spouse living in the house is too broad and could unnecessarily restrict the choices and decisions of older homeowners to manage their personal finances and maintain their privacy. We would, therefore, recommend that the legislation be limited to spouses.

Thank you in advance for your consideration. We look forward to working with you to safeguard the maximum protections for non-borrowing spouses to remain in their home.