



Connecticut SB 226 - NRMLA Position Paper

The National Reverse Mortgage Lenders Association (NRMLA) is the national voice of the reverse mortgage industry, serving as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997. We appreciate this opportunity to comment and submit our members' views on Connecticut Senate Bill 226 below.

One of the driving forces behind NRMLA is protection of our nation's seniors and the education of senior consumers about reverse mortgages so that seniors can make an informed decision about whether to shop for and ultimately obtain a reverse mortgage. An informed senior is our members' best customer. Further, an informed senior is in the best position to protect his or her own interests.

As drafted, NRMLA cannot support Connecticut Senate Bill 226. As introduced, Connecticut Senate Bill 226 would give a non-owning occupant of a dwelling to right to consent, and thus veto, the owner's use and encumbrance of that property. We believe that such a measure is unprecedented in real property law in the United States, and would elevate some mere occupants, such as a tenants or lessees, to what amounts to ownership rights in a senior's property.

While NRMLA would like to work with the Banking Committee and the Connecticut legislature further in order to explore ways to protect Connecticut seniors interested in considering and/or obtaining a reverse mortgage, we respectfully request that you first consider a few fundamental facts.

The Federal Housing Administration (or FHA)-insured home equity conversion mortgage (HECM) loan program is the primary reverse mortgage program in the country today. Very few if any other reverse mortgages are being offered or originated today in the United States.

Under the HECM program, in addition to the homeowner attending counseling prior to applying for a HECM loan, a non-borrowing spouse of a homeowner also must attend counseling provided by a HUD-approved counseling agency and sign the counseling certificate

before a lender may complete a HECM loan application with and for the owning spouse. During counseling, all parties must be made aware that the FHA-insured HECM cannot be assumed by the non-borrower spouse upon the HECM borrower's death.

We believe such steps provide protections to a reverse mortgage borrowers and their immediate family without placing unfettered discretion on a senior's right to deal with his or her property as they choose. We believe that, as proposed by Connecticut Senate Bill 226, giving any individual that resides in a property that may serve as collateral for a reverse mortgage the right to provide consent to a reverse mortgage transaction involving that property unfairly burdens and impinges upon the property owner's right to deal with and encumber their property as they see fit.

As stated above, NRMLA would like to work with the Banking Committee and the Connecticut legislature in order to explore ways to protect Connecticut seniors further who are interested in shopping for and/or obtaining a reverse mortgage. However, as also stated above, as drafted regarding a non-owner resident's consent to a reverse mortgage transaction, we believe Connecticut Senate Bill 226 inappropriately impinges on property ownership rights.

We appreciate your allowing us to share our views and we look forward to working with you in order to come to a more balanced approach to meet our common goal of further protecting Connecticut's seniors.

Please feel free to contact me if you have any questions or concerns regarding this matter.

Regards,

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