



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE MARY M. MUSHINSKY
EIGHTY-FIFTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4038
HARTFORD, CT 06106-1591
HOME: (203) 269-8378
CAPITOL: (860) 240-8500
TOLL FREE: 1-800-842-8267
E-mail: Mary.Mushinsky@cga.ct.gov

RANKING MEMBER
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

MEMBER
ENVIRONMENT COMMITTEE
FINANCE REVENUE AND BONDING COMMITTEE

ASSISTANT MAJORITY WHIP

Testimony of Rep. Mary Mushinsky in Support of CB 5651, An Act Implementing the
Recommendations of the Task Force on Reverse Mortgages
Before the Banks Committee February 24, 2015

Sen. Leone, Rep. Lesser and committee members:

Thank you for raising this committee bill. I am co-chair of the Task Force with consumer activist Kevin Lynch. Other members included Sen. Art Linares, industry member John Lyddy, and the Department of Consumer Protection's representative.

This is my third year trying to pass a bill to protect CT seniors from being harmed by reverse mortgages to avoid the horror stories of other states. The most difficult scenario: the surviving spouse is evicted from their own home after not comprehending the risks that the older (now deceased) spouse agreed to when he signed the reverse mortgage. The trigger for eviction is often the surviving spouse failing to pay the property taxes on time.

Federal regulations tightened protections for the surviving spouse in August 2014, as the Task Force began our deliberations. Most of the Task Force believed it was still necessary to require person-to-person counseling, add clarity to reverse mortgage language (it is really a loan) and add the right to change one's mind during a 7 day cooling off period, either after the counseling or after the application begins. The Task Force was not unanimous on the 7-day waiting period; the industry representative opposed it. Other recommendations were unanimous.

Section 1 contains most of our recommendations, including use of the unfair trade practices act to protect the consumer. Sections 2-9 deal with the language change to "loan."

Public hearings bring out new information: I just learned before the hearing that face to face counseling will be difficult in parts of the state, especially eastern CT. We may have to settle for person to person phone counseling in these cases.

The industry believes the 7 day wait period is unnecessary as the average application takes 3 months. You may decide a 7-day wait is not needed, and a 3-day wait is more reasonable. But the main concept we want the committee to support is that we need to protect seniors who are enticed by friendly TV spokesmen such as Henry Winkler and Fred Thompson with full disclosure of risks and counseling for *both* spouses. The potential risk is substantial: there is potentially the loss of the home in old age, if, for example, a spouse misses a tax deadline.

I wish to thank the Task Force members for their time and hard work, and I'm happy to continue working on the bill with the committee.