

**Proposed Substitute  
Bill No. 163**

LCO No. 2765

**AN ACT PROVIDING PROTECTIONS FOR CONSUMERS APPLYING  
FOR REVERSE MORTGAGES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) (a) No entity, including,  
2 but not limited to, any Connecticut bank or Connecticut credit union,  
3 shall accept a final and complete application for a reverse annuity  
4 mortgage loan, as defined in section 36a-265 of the general statutes, or  
5 assess any fees for such mortgage, unless such entity has:

6 (1) (A) Informed the prospective applicant of the counseling  
7 requirement in subdivision (2) of this subsection, and (B) provided the  
8 prospective applicant with a list of at least five independent housing  
9 counseling agencies approved by the United States Department of  
10 Housing and Urban Development to engage in reverse annuity  
11 mortgage loan counseling, as provided in 24 CFR 206.300 et seq., as  
12 amended from time to time. No such counseling agency shall receive  
13 any compensation, either directly or indirectly, from the lender or from  
14 any other person or entity involved in originating or servicing the loan;

15 (2) Received a signed certification from the prospective applicant or  
16 the prospective applicant's authorized representative that the applicant  
17 has received counseling from an independent housing counseling  
18 agency, as described in subdivision (1) of this subsection; and

19 (3) Received a signed certification from the prospective applicant or the  
20 prospective applicant's authorized representative that either: (A) The  
21 reverse annuity mortgage loan origination, or (B) the counseling session  
22 required by subdivision (2) of this section was conducted in person. Any  
23 counseling not conducted in person shall be conducted by telephone. The  
24 certification of the counseling session shall be signed by the prospective  
25 applicant or the prospective applicant's authorized representative and the  
26 independent housing counseling agency's counselor. The certification of  
27 the reverse annuity mortgage loan origination shall be signed by the  
28 prospective applicant or the prospective applicant's authorized  
29 representative and the reverse annuity mortgage loan originator. The  
30 certifications shall include the date of the meeting or counseling session,  
31 and the name, address and telephone number of both the prospective  
32 applicant and either the counselor or, if applicable, the loan originator.  
33 The lender shall maintain the certification in an accurate, reproducible  
34 and accessible format for the term of the reverse annuity mortgage loan.

35 (b) A violation of the provisions of this section shall be deemed an  
36 unfair or deceptive act or practice in the conduct of trade or commerce  
37 pursuant to subsection (a) of section 42-110b of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section