Aging Committee
JOINT FAVORABLE REPORT

Bill No.: SB-150
Title: AN ACT PROVIDING PROTECTIONS FOR CONSUMERS APPLYING FOR REVERSE MORTGAGES.

Vote Date: 
Vote Action: 
PH Date: 3/1/2018 
File No.: 

Disclaimer: The following Joint Favorable Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.

SPONSORS OF BILL: 
Committee on Aging

REASONS FOR BILL: 
Concerns were brought forth regarding reverse mortgages. It is important that potential borrowers be educated about this complex product to protect them from taking out unsuitable loans. The bill provides the consumer protections during the application process for a reverse mortgage loan and expands the requirements for reverse annuity mortgages, a type of mortgage that allows elderly homeowners to convert accumulated home equity into liquid assets.

Financial entities including any Connecticut bank or Connecticut credit union must have:
1. Informed prospective applicant of counseling requirement.
2. Provided said applicant with at least 5 independent housing counseling agencies approved by the U.S. Department of Housing and Urban Development.
3. Received a signed certification that the prospective applicant has received counseling from an independent housing counseling agency.
4. Received signed certification that the reverse annuity mortgage loan origination or the counseling session took place in person.

RESPONSE FROM ADMINISTRATION/AGENCY:
Senator Martin M. Looney, President Pro Tempore, State of Connecticut: Supports the bill. Senator Looney believes that all applicants should receive independent counseling about the burdens and benefits of the product, failure to do so would be considered unfair to applicants. Reverse mortgage lenders prey on the elderly community. Some of these elders are dealing with paying off their homes while living in an assisted living facility.
**State Representative Mary M. Mushinsky, State of Connecticut:** Supports the bill. Rep. Mushinsky offered amendments, testifying that Connecticut is one of 11 states without state law concerning reverse mortgages. This bill should include federal HUD reverse mortgages rules into the state law and authorize the CT Department of Banking and Department of Consumer Protection, or at least one of these agencies, to enforce these rules using unfair or deceptive trade practices. Counseling should be done in person; including HUD rules in Connecticut law and language authorizing state agencies (Banks and Consumer Protection) to enforce these rules.

**NATURE AND SOURCES OF SUPPORT:**

**National Reverse Mortgage Lenders Association:** Provided background information in reference to S.B. 150. The National Reverse Mortgage Lenders Association wishes to protect the proceeds from a reverse mortgage loan because it helps senior citizens supplement retirement income, make repairs, and/or improvements on their homes. A reverse mortgage can be used as a financial “safety net” for seniors in the current economy.

**Gordon Mackenzie, Fairfield CT:** Supports the bill. Senior citizens are vulnerable to deceptive practices. Therefore Mackenzie believes that reverse mortgages should require special intervention procedures for seniors to ensure that they are not being taken advantage of.

**Joan McCoy, Fairfield CT:** Supports the bill.

**Barbara Vogel, Easton CT:** Supports the bill with the request of an amendment. All information should be in plain English, and understandable to anyone with a 6th grade education or less. All information should be in 12-point or larger font, and is accompanied by a bullet-point list of no more than two pages per section that enumerates the content of the section.

**Alex Durrell, Fairfield CT:** Supports the bill. The applicant should be informed of the HUD counseling requirement. Received certification that the applicant has attended the counseling session, and that the counseling session was conducted in person.

**NATURE AND SOURCES OF OPPOSITION:**

**The Credit Union League of Connecticut:** Opposes the bill. The Credit Union League of CT feels that the bill unfairly targets Connecticut credit unions and banks because they’re many national reverse mortgage companies that would not be subject to this law. This places the credit unions and banks at a disadvantage. This bill makes it increasingly difficult for seniors to obtain reverse mortgages from reliable and trustworthy sources.

Reported by: Rhonda Carroll  
Date: 3/14/2018