

BY: Finance Committee

AMENDMENTS TO SENATE BILL 878  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “authorizing” in line 3 down through “statement” in line 14 and substitute “providing that certain provisions of this Act do not require a lender that offers to make a reverse mortgage loan to offer a reverse mortgage loan with certain payment plans or to a certain borrower; requiring certain lenders and arrangers of financing to conform to the requirements of certain federal laws and guidelines under certain circumstances; providing that certain reverse mortgage loans are not subject to certain federal laws or guidelines; providing that certain lenders or arrangers of loans are not subject to certain regulatory approval requirements under certain circumstances”; in line 15, after “annuity” insert “, a long-term care policy, or other financial or insurance product”; strike beginning with “prohibiting” in line 16 down through “products;” in line 18; and strike beginning with “providing” in line 23 down through “application” in line 27 and substitute “requiring a lender or an arranger of financing to provide a certain borrower with a certain checklist at a certain time”.

On pages 1 and 2, strike beginning with “prohibiting” in line 29 on page 1 down through “period;” in line 5 on page 2.

On page 2, in line 6, after “Act” insert “by certain lenders or arrangers of financing; providing that certain lenders or arrangers of financing that violate certain provisions of this Act engage in an unfair or deceptive trade practice within the meaning of the Maryland Consumer Protection Act and are subject to certain enforcement and penalty provisions; providing that a violation of certain provisions of this Act does not constitute a violation of certain other provisions of law”.

On page 2, strike beginning with “, 12-1202,” in line 11 down through “12-1225” in line 12 and substitute “through 12-1208”; and in line 13, after “Loans” insert “Act”.

(Over)

AMENDMENT NO. 2

On page 2, in line 19, after “**LOANS**” insert “**ACT**”; strike line 20 in its entirety; after line 23, insert:

“(B) “ARRANGER OF FINANCING” MEANS A PERSON THAT:

(1) FOR A FEE OR OTHER VALUABLE CONSIDERATION, WHETHER RECEIVED DIRECTLY OR INDIRECTLY, AIDS OR ASSISTS A BORROWER IN OBTAINING A REVERSE MORTGAGE LOAN; AND

(2) IS NOT NAMED AS THE LENDER IN THE REVERSE MORTGAGE LOAN AGREEMENT.”;

in lines 24, 26, 29, and 31, strike “(B)”, “(C)”, “(D)”, and “(E)”, respectively, and substitute “(C)”, “(D)”, “(F)”, and “(G)”, respectively; and after line 28, insert:

“(E) “DWELLING” HAS THE MEANING STATED IN § 11-501 OF THE FINANCIAL INSTITUTIONS ARTICLE.”.

On page 3, strike in their entirety lines 1 through 3, inclusive; in line 4, strike “(G)” and substitute “(H)”; in line 5, strike “RESIDENTIAL REAL PROPERTY” and substitute “THE BORROWER’S PRINCIPAL DWELLING”; in line 6, after “WITH” insert “PURCHASE MONEY PROCEEDS,”; in line 7, strike the first “OR”; in the same line, after “CREDIT” insert “, OR ANY COMBINATION OF THOSE PAYMENT PLANS”; in line 8, strike “RESIDENTIAL REAL PROPERTY” and substitute “BORROWER’S PRINCIPAL DWELLING”;

in line 13, strike “ALL” and substitute “A”; in the same line, strike “LOANS” and substitute “LOAN”; in line 14, strike “RESIDENTIAL REAL PROPERTY” and substitute “A BORROWER’S PRINCIPAL DWELLING”;

in line 19, strike “RESERVED.”; after line 19, insert:

“THIS SUBTITLE DOES NOT REQUIRE A LENDER THAT OFFERS TO MAKE A REVERSE MORTGAGE LOAN TO OFFER A REVERSE MORTGAGE LOAN:

(1) WITH ANY ONE OR MORE PARTICULAR PAYMENT PLANS; OR

(2) TO A PROSPECTIVE BORROWER WHO HOLDS TITLE TO A DWELLING IN OTHER THAN FEE SIMPLE INTEREST.”;

strike beginning with “RESERVED.” in line 20 down through “PENALTY” in line 27 and substitute:

“(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, A LENDER THAT OFFERS OR MAKES A REVERSE MORTGAGE LOAN SECURED BY A DWELLING IN THE STATE SHALL CONFORM TO THE REQUIREMENTS OF 12 U.S.C. § 1715Z-20, AND ANY REGULATIONS AND GUIDANCE ADOPTED UNDER 12 U.S.C. § 1715Z-20, REGARDLESS OF WHETHER THE REVERSE MORTGAGE LOAN IS INSURED UNDER 12 U.S.C. § 1715Z-20.

(B) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, AN ARRANGER OF FINANCING THAT AIDS OR ASSISTS, OR OFFERS TO AID OR ASSIST, A BORROWER IN OBTAINING A REVERSE MORTGAGE LOAN SECURED BY A DWELLING IN THE STATE SHALL CONFORM TO THE REQUIREMENTS OF 12 U.S.C. § 1715Z-20, AND ANY REGULATIONS AND GUIDANCE ADOPTED UNDER 12

(Over)

U.S.C. § 1715Z-20, REGARDLESS OF WHETHER THE REVERSE MORTGAGE LOAN IS INSURED UNDER 12 U.S.C. § 1715Z-20”;

and strike line 28 in its entirety and substitute:

“12-1205.

(A) A REVERSE MORTGAGE LOAN THAT IS NOT INSURED UNDER 12 U.S.C. § 1715Z-20 IS NOT SUBJECT TO THE PROVISIONS IN 12 U.S.C. § 1715Z-20, OR IN ANY REGULATIONS OR GUIDANCE ADOPTED UNDER 12 U.S.C. § 1715Z-20, THAT:

(1) LIMIT ORIGATION FEES TO \$6,000 AS ADJUSTED UNDER 12 U.S.C. § 1715Z-20(R);

(2) IMPOSE MAXIMUM CLAIM AMOUNTS OR OTHER LOAN LIMIT RESTRICTIONS; OR

(3) REQUIRE GOVERNMENT INSURANCE FOR THE LOAN.

(B) A LENDER OR AN ARRANGER OF FINANCING IS NOT SUBJECT TO THE FEDERAL REGULATORY APPROVAL REQUIREMENTS OF 24 C.F.R., PART 202 WHEN MAKING OR ARRANGING A REVERSE MORTGAGE LOAN THAT IS NOT INSURED UNDER 12 U.S.C. § 1715Z-20.”.

AMENDMENT NO. 3

On pages 4 through 6, strike in their entirety the lines beginning with line 1 on page 4 through line 7 on page 6, inclusive.

On page 6, in line 8, strike “**12-1214.**” and substitute “**12-1206.**”; in line 9, strike “**A**” and substitute “**(A)(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A**”; in the same line, after “**LENDER**” insert “**OR AN ARRANGER OF FINANCING**”; in the same line, after “**ANNUITY**” insert “**, A LONG-TERM CARE POLICY, OR OTHER FINANCIAL OR INSURANCE PRODUCT**”; after line 10, insert:

**“(2) A LENDER OR AN ARRANGER OF FINANCING MAY REQUIRE A BORROWER TO PURCHASE TITLE INSURANCE, HAZARD, FLOOD, OR OTHER PERIL INSURANCE, AND ANY OTHER FINANCIAL OR INSURANCE PRODUCT THAT IS REQUIRED FOR REVERSE MORTGAGE LOANS INSURED UNDER 12 U.S.C. § 1715Z-20.”**;

strike in their entirety lines 11 through 22, inclusive; and in line 23, after “**LENDER**” insert “**OR AN ARRANGER OF FINANCING**”.

On page 7, in line 1, after “**LENDER**” insert “**OR AN ARRANGER OF FINANCING**”; and in line 5, strike “**SIMILAR**” and substitute “**OTHER**”.

On pages 7 and 8, strike in their entirety the lines beginning with line 7 on page 7 through line 14 on page 8, inclusive, and substitute:

**“12-1207.”**

On page 8, in line 15, strike “**(C)**” and substitute “**(A)**”; in the same line, strike “**A**” and substitute “**ON RECEIVING AN APPLICATION FOR A REVERSE MORTGAGE LOAN, A**”; in the same line, after “**LENDER**” insert “**OR AN ARRANGER OF FINANCING**”; and in the same line, after the first “**A**” insert “**PROSPECTIVE**”.

On page 9, in lines 9 and 12, strike “**(D)**” and “**(C)**”, respectively, and substitute “**(B)**” and “**(A)**”, respectively.

(Over)

On pages 9 through 12, strike in their entirety the lines beginning with line 14 on page 9 through line 4 on page 12, inclusive, and substitute:

“12-1208.

**(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION:**

**(1) A LENDER OR ARRANGER OF FINANCING FOR A REVERSE MORTGAGE LOAN INSURED UNDER 12 U.S.C. § 1715Z-20 THAT VIOLATES THIS SUBTITLE IS SUBJECT TO THE PENALTIES PROVIDED IN 12 U.S.C. § 1715Z-20, AND IN ANY REGULATIONS AND GUIDANCE ADOPTED UNDER 12 U.S.C. § 1715Z-20; AND**

**(2) A LENDER OR ARRANGER OF FINANCING FOR A REVERSE MORTGAGE LOAN NOT INSURED UNDER 12 U.S.C. § 1715Z-20 THAT VIOLATES THIS SUBTITLE:**

**(i) ENGAGES IN AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THIS ARTICLE; AND**

**(ii) IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THIS ARTICLE, EXCEPT § 13-411.**

**(B) A VIOLATION OF THIS SUBTITLE DOES NOT CONSTITUTE A VIOLATION OF ANY OTHER SUBTITLE OF THIS TITLE.”.**

AMENDMENT NO. 4

On page 12, after line 4, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed prospectively to apply only to reverse mortgage loans applied for on or after the effective date of this Act.”;

and in line 5, strike “2.” and substitute “3.”.