

SENATE BILL 878

I2, I1, I3

0lr3154
CF HB 799

By: **Senators Kramer, Astle, DeGrange, Della, Forehand, Garagiola,
Harrington, Kelley, King, Klausmeier, Madaleno, Peters, and Pugh**

Introduced and read first time: February 15, 2010

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Reverse Mortgage Homeowners Protection Act**

3 FOR the purpose of authorizing a borrower under a reverse mortgage loan to prepay
4 the loan at any time without penalty; authorizing certain interest rates and
5 interest that is contingent on certain factors in connection with a reverse
6 mortgage loan; authorizing certain costs and fees in connection with a reverse
7 mortgage loan; prohibiting a reduction in the amount or number of periodic
8 advances paid to a borrower under a reverse mortgage loan under certain
9 circumstances; establishing a certain penalty for failing to make certain
10 advances and cure a default under certain circumstances; providing for the
11 circumstances under which a reverse mortgage loan may become due and
12 payable; specifying when the statute of limitations begins to run in certain
13 actions; requiring that an instrument granting a security interest in certain real
14 property securing a reverse mortgage loan contain a certain statement;
15 prohibiting certain persons from requiring a borrower to purchase an annuity as
16 a condition to obtaining a reverse mortgage loan; prohibiting certain persons
17 from engaging in, or being affiliated with or employing a person who engages in,
18 the sale of certain financial or insurance products; establishing a certain
19 exception; prohibiting certain persons from referring a borrower to any person
20 for the purchase of certain financial or insurance products until after the
21 occurrence of certain events; providing that certain provisions of this Act do not
22 prohibit certain persons from offering to a borrower, or referring a borrower to a
23 person for the purchase of certain financial or insurance products; providing
24 that a person who complies with certain federal laws is deemed to be in
25 compliance with certain provisions of this Act; requiring a lender to provide a
26 borrower with a certain notice, checklist, and list of counseling agencies at the
27 time the borrower completes a certain application; requiring a certain housing
28 counseling agency to provide a borrower with a certain checklist under certain
29 circumstances; prohibiting a certain housing counseling agency from receiving
30 compensation from certain persons; requiring a lender to provide a borrower

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 with a certain summary of the principal terms and conditions of a reverse
 2 mortgage loan before closing the loan; prohibiting a lender from making a
 3 reverse mortgage loan or assessing any fees unless the lender receives certain
 4 documentation; requiring the lender to provide copies of certain documentation
 5 to the borrower and to retain the documentation for a certain period; providing
 6 for certain penalties for certain violations of this Act; providing for the
 7 application of this Act; defining certain terms; and generally relating to reverse
 8 mortgage loans.

9 BY adding to

10 Article – Commercial Law

11 Section 12–1201, 12–1202, 12–1205 through 12–1210, 12–1213 through
 12 12–1216, 12–1219 through 12–1221, 12–1224, and 12–1225 to be under
 13 the new subtitle “Subtitle 12. Reverse Mortgage Loans”

14 Annotated Code of Maryland

15 (2005 Replacement Volume and 2009 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Commercial Law**

19 **SUBTITLE 12. REVERSE MORTGAGE LOANS.**

20 **PART I. DEFINITIONS; GENERAL PROVISIONS.**

21 **12–1201.**

22 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
 23 **INDICATED.**

24 **(B) “BORROWER” MEANS AN INDIVIDUAL WHO MAKES A LOAN**
 25 **APPLICATION FOR OR RECEIVES A REVERSE MORTGAGE LOAN.**

26 **(C) “COUNSELING AGENCY” MEANS AN ENTITY APPROVED BY THE U.S.**
 27 **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO PROVIDE**
 28 **COUNSELING REGARDING REVERSE MORTGAGE LOANS.**

29 **(D) “LENDER” MEANS A PERSON WHO MAKES A REVERSE MORTGAGE**
 30 **LOAN.**

31 **(E) “PERSON” INCLUDES AN INDIVIDUAL, CORPORATION, BUSINESS**
 32 **TRUST, ESTATE, TRUST, PARTNERSHIP, ASSOCIATION, TWO OR MORE PERSONS**
 33 **HAVING A JOINT OR COMMON INTEREST, OR ANY OTHER LEGAL OR**
 34 **COMMERCIAL ENTITY.**

1 **(F) “RESIDENTIAL REAL PROPERTY” MEANS OWNER–OCCUPIED REAL**
2 **PROPERTY HAVING A DWELLING ON IT DESIGNATED PRINCIPALLY AS A**
3 **RESIDENCE WITH ACCOMMODATIONS FOR NOT MORE THAN FOUR FAMILIES.**

4 **(G) “REVERSE MORTGAGE LOAN” MEANS A NONRECOURSE LOAN THAT:**

5 **(1) IS SECURED BY RESIDENTIAL REAL PROPERTY;**

6 **(2) PROVIDES THE BORROWER WITH A LUMP SUM PAYMENT,**
7 **PERIODIC CASH ADVANCES, OR A LINE OF CREDIT BASED ON THE EQUITY IN OR**
8 **VALUE OF THE RESIDENTIAL REAL PROPERTY; AND**

9 **(3) REQUIRES NO PAYMENT OF PRINCIPAL OR INTEREST UNTIL**
10 **THE FULL LOAN BECOMES DUE AND PAYABLE.**

11 **12–1202.**

12 **(A) THE PROVISIONS OF THIS SUBTITLE:**

13 **(1) APPLY TO ALL REVERSE MORTGAGE LOANS SECURED BY**
14 **RESIDENTIAL REAL PROPERTY IN THE STATE; AND**

15 **(2) ARE IN ADDITION TO ANY OTHER APPLICABLE PROVISIONS OF**
16 **LAW.**

17 **(B) IF A PROVISION OF THIS SUBTITLE CONFLICTS WITH ANY**
18 **PROVISION OF THIS TITLE, THE PROVISION OF THIS SUBTITLE APPLIES.**

19 **12–1203. RESERVED.**

20 **12–1204. RESERVED.**

21 **PART II. REVERSE MORTGAGE LOAN PROVISIONS.**

22 **12–1205.**

23 **(A) IN THIS SECTION, “PENALTY” DOES NOT INCLUDE FEES, PAYMENTS,**
24 **OR OTHER CHARGES THAT WOULD HAVE BEEN DUE IF THE REVERSE MORTGAGE**
25 **LOAN BECAME DUE AND PAYABLE.**

26 **(B) A BORROWER MAY PREPAY A REVERSE MORTGAGE LOAN, IN WHOLE**
27 **OR IN PART, AT ANY TIME WITHOUT PENALTY.**

28 **12–1206.**

1 **(A) A REVERSE MORTGAGE LOAN MAY PROVIDE FOR:**

2 **(1) A FIXED INTEREST RATE;**

3 **(2) AN ADJUSTABLE INTEREST RATE; OR**

4 **(3) A COMBINATION OF FIXED AND ADJUSTABLE INTEREST**
5 **RATES.**

6 **(B) A REVERSE MORTGAGE LOAN MAY PROVIDE FOR INTEREST THAT IS**
7 **CONTINGENT ON:**

8 **(1) THE VALUE OF THE RESIDENTIAL REAL PROPERTY AT THE**
9 **TIME THE REVERSE MORTGAGE LOAN IS EXECUTED OR MATURES; OR**

10 **(2) CHANGES IN THE VALUE OF THE RESIDENTIAL REAL**
11 **PROPERTY BETWEEN LOAN CLOSING AND MATURITY.**

12 **12-1207.**

13 **(A) A REVERSE MORTGAGE LOAN MAY INCLUDE ONLY THOSE COSTS**
14 **AND FEES CHARGED BY THE LENDER, THE LENDER'S DESIGNEE, THE LOAN**
15 **ORIGINATOR, OR THE LOAN SERVICER.**

16 **(B) THIS SECTION APPLIES TO ALL COSTS AND FEES CHARGED IN**
17 **CONNECTION WITH A REVERSE MORTGAGE LOAN, INCLUDING COSTS AND FEES**
18 **CHARGED ON EXECUTION OF THE LOAN, ON A PERIODIC BASIS, OR ON MATURITY**
19 **OF THE LOAN.**

20 **12-1208.**

21 **(A) IF A REVERSE MORTGAGE LOAN PROVIDES FOR PERIODIC**
22 **ADVANCES TO THE BORROWER, THE ADVANCES MAY NOT BE REDUCED IN**
23 **AMOUNT OR NUMBER BASED ON AN ADJUSTMENT IN THE INTEREST RATE.**

24 **(B) IF A LENDER FAILS TO MAKE ADVANCES AS REQUIRED BY THE**
25 **TERMS OF THE REVERSE MORTGAGE LOAN, AND FAILS TO CURE A DEFAULT**
26 **AFTER NOTICE OF THE DEFAULT AS SPECIFIED IN THE REVERSE MORTGAGE**
27 **LOAN DOCUMENTS, THE LENDER SHALL FORFEIT TO THE BORROWER AN**
28 **AMOUNT EQUAL TO THREE TIMES THE AMOUNT WRONGFULLY WITHHELD PLUS**
29 **INTEREST AT THE LEGAL RATE OF INTEREST.**

30 **12-1209.**

1 **(A) A REVERSE MORTGAGE LOAN MAY BECOME DUE AND PAYABLE**
2 **ONLY AFTER:**

3 **(1) THE RESIDENTIAL REAL PROPERTY SECURING THE REVERSE**
4 **MORTGAGE LOAN IS SOLD OR TITLE TO THE RESIDENTIAL REAL PROPERTY IS**
5 **OTHERWISE TRANSFERRED;**

6 **(2) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
7 **ALL BORROWERS CEASE OCCUPYING THE RESIDENTIAL REAL PROPERTY**
8 **SECURING THE LOAN;**

9 **(3) A FIXED MATURITY DATE AGREED TO BY THE LENDER AND**
10 **THE BORROWER; OR**

11 **(4) THE OCCURRENCE OF AN EVENT SPECIFIED IN THE REVERSE**
12 **MORTGAGE LOAN DOCUMENTS THAT JEOPARDIZES THE LENDER'S SECURED**
13 **INTEREST IN THE RESIDENTIAL REAL PROPERTY SECURING THE LOAN.**

14 **(B) FOR PURPOSES OF SUBSECTION (A)(2) OF THIS SECTION, A**
15 **BORROWER DOES NOT CEASE TO OCCUPY THE RESIDENTIAL REAL PROPERTY**
16 **SECURING THE LOAN IF THE BORROWER:**

17 **(1) IS TEMPORARILY ABSENT FROM THE RESIDENTIAL REAL**
18 **PROPERTY FOR NO MORE THAN 60 CONSECUTIVE DAYS; OR**

19 **(2) (I) IS ABSENT FROM THE RESIDENTIAL REAL PROPERTY**
20 **FOR MORE THAN 60 CONSECUTIVE DAYS BUT LESS THAN 1 YEAR; AND**

21 **(II) HAS TAKEN ACTION TO SECURE AND PROTECT THE**
22 **RESIDENTIAL REAL PROPERTY IN A MANNER THAT IS SATISFACTORY TO THE**
23 **LENDER, AS SPECIFIED IN THE REVERSE MORTGAGE LOAN DOCUMENTS.**

24 **(C) IN AN ACTION TO RECOVER FUNDS THAT ARE DUE AND PAYABLE**
25 **UNDER A REVERSE MORTGAGE LOAN, THE STATUTE OF LIMITATIONS RUNS**
26 **FROM THE DATE THE REVERSE MORTGAGE LOAN BECOMES DUE AND PAYABLE,**
27 **AS PROVIDED IN THE REVERSE MORTGAGE LOAN DOCUMENTS.**

28 **12-1210.**

29 **A MORTGAGE, DEED OF TRUST, OR OTHER INSTRUMENT THAT GRANTS A**
30 **SECURITY INTEREST IN RESIDENTIAL REAL PROPERTY TO SECURE A REVERSE**
31 **MORTGAGE LOAN SHALL CONTAIN THE FOLLOWING STATEMENT IN 12 POINT**
32 **BOLDFACE TYPE ON THE FIRST PAGE OF THE INSTRUMENT:**

1 **“THIS INSTRUMENT SECURES A REVERSE MORTGAGE LOAN.”**

2 **12-1211. RESERVED.**

3 **12-1212. RESERVED.**

4 **PART III. SALES OF FINANCIAL AND INSURANCE PRODUCTS.**

5 **12-1213.**

6 **IN THIS PART, “LENDER” INCLUDES A PERSON WHO PARTICIPATES IN THE**
7 **ORIGINATION OF A REVERSE MORTGAGE LOAN.**

8 **12-1214.**

9 **A LENDER MAY NOT REQUIRE A BORROWER TO PURCHASE AN ANNUITY AS**
10 **A CONDITION TO OBTAINING A REVERSE MORTGAGE LOAN.**

11 **12-1215.**

12 **(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
13 **SUBSECTION, A LENDER MAY NOT ENGAGE IN, BE AFFILIATED WITH A PERSON**
14 **WHO ENGAGES IN, OR EMPLOY A PERSON WHO ENGAGES IN THE SELLING OF**
15 **ANNUITIES, INVESTMENTS, LONG-TERM CARE INSURANCE, OR ANY OTHER**
16 **FINANCIAL OR INSURANCE PRODUCT.**

17 **(2) A LENDER MAY ENGAGE IN THE ACTIVITIES SPECIFIED IN**
18 **PARAGRAPH (1) OF THIS SUBSECTION IF THE LENDER MAINTAINS SUFFICIENT**
19 **PROCEDURAL SAFEGUARDS TO ENSURE THAT INDIVIDUALS INVOLVED IN THE**
20 **ORIGINATION OF A REVERSE MORTGAGE LOAN HAVE NO INVOLVEMENT WITH,**
21 **OR INCENTIVE TO PROVIDE A BORROWER WITH, ANY OTHER FINANCIAL OR**
22 **INSURANCE PRODUCT.**

23 **(B) A LENDER MAY NOT REFER A BORROWER TO ANY PERSON FOR THE**
24 **PURCHASE OF AN ANNUITY OR ANY OTHER FINANCIAL OR INSURANCE PRODUCT**
25 **BEFORE THE LATER OF:**

26 **(1) THE CLOSING OF THE REVERSE MORTGAGE LOAN; OR**

27 **(2) THE EXPIRATION OF THE BORROWER’S RIGHT TO RESCIND**
28 **THE REVERSE MORTGAGE LOAN AGREEMENT.**

1 **A REVERSE MORTGAGE LOAN IS A COMPLEX FINANCIAL TRANSACTION. IF**
2 **YOU DECIDE TO OBTAIN A REVERSE MORTGAGE LOAN, YOU WILL SIGN BINDING**
3 **LEGAL DOCUMENTS THAT WILL HAVE IMPORTANT LEGAL AND FINANCIAL**
4 **IMPLICATIONS FOR YOU AND YOUR ESTATE. IT IS THEREFORE IMPORTANT TO**
5 **UNDERSTAND THE TERMS OF THE REVERSE MORTGAGE LOAN AND ITS EFFECT.**
6 **BEFORE ENTERING INTO THIS TRANSACTION, YOU ARE ENCOURAGED TO**
7 **CONSULT WITH AN INDEPENDENT LOAN COUNSELOR. A LIST OF APPROVED**
8 **COUNSELING AGENCIES WILL BE PROVIDED TO YOU BY THE LENDER.**

9 **SENIOR CITIZEN ADVOCACY GROUPS ADVISE AGAINST USING THE**
10 **PROCEEDS OF A REVERSE MORTGAGE LOAN TO PURCHASE AN ANNUITY OR**
11 **RELATED FINANCIAL OR INSURANCE PRODUCTS. IF YOU ARE CONSIDERING**
12 **USING YOUR PROCEEDS FOR THIS PURPOSE, YOU SHOULD DISCUSS THE**
13 **FINANCIAL IMPLICATIONS OF DOING SO WITH A COUNSELOR AND YOUR FAMILY**
14 **MEMBERS.”.**

15 **(C) A LENDER SHALL PROVIDE A BORROWER WITH A WRITTEN**
16 **CHECKLIST, WRITTEN IN 12 POINT TYPE OR LARGER, ADVISING THE BORROWER**
17 **TO DISCUSS THE FOLLOWING ISSUES WITH A COUNSELING AGENCY COUNSELOR:**

18 **(1) HOW UNEXPECTED MEDICAL OR OTHER EVENTS THAT CAUSE**
19 **THE BORROWER TO MOVE OUT OF THE BORROWER’S HOME EARLIER THAN**
20 **ANTICIPATED WILL IMPACT THE TOTAL ANNUAL COST OF THE REVERSE**
21 **MORTGAGE LOAN;**

22 **(2) THE EXTENT TO WHICH THE BORROWER’S FINANCIAL NEEDS**
23 **WOULD BE BETTER MET BY OPTIONS OTHER THAN A REVERSE MORTGAGE LOAN,**
24 **INCLUDING LESS COSTLY HOME EQUITY LINES OF CREDIT, PROPERTY TAX**
25 **DEFERRAL PROGRAMS, OR GOVERNMENTAL AID PROGRAMS;**

26 **(3) WHETHER THE BORROWER INTENDS TO USE THE PROCEEDS**
27 **OF THE REVERSE MORTGAGE LOAN TO PURCHASE AN ANNUITY OR OTHER**
28 **FINANCIAL OR INSURANCE PRODUCT AND THE CONSEQUENCES OF DOING SO;**

29 **(4) THE EFFECT OF REPAYMENT OF THE REVERSE MORTGAGE**
30 **LOAN ON OTHER RESIDENTS OF THE HOME SECURING THE REVERSE MORTGAGE**
31 **LOAN AFTER ALL BORROWERS HAVE DIED OR PERMANENTLY LEFT THE HOME;**

32 **(5) THE BORROWER’S ABILITY TO FINANCE ROUTINE OR**
33 **CATASTROPHIC HOME REPAIRS, ESPECIALLY IF MAINTENANCE IS A FACTOR**
34 **THAT MAY DETERMINE WHEN THE REVERSE MORTGAGE LOAN BECOMES**
35 **PAYABLE;**

1 **(6) THE IMPACT THAT THE REVERSE MORTGAGE LOAN MAY HAVE**
2 **ON THE BORROWER'S TAX OBLIGATIONS AND ELIGIBILITY FOR GOVERNMENT**
3 **ASSISTANCE PROGRAMS, AND THE EFFECT THAT LOSING EQUITY IN THE HOME**
4 **SECURING THE REVERSE MORTGAGE LOAN WILL HAVE ON THE BORROWER'S**
5 **ESTATE AND HEIRS; AND**

6 **(7) THE ABILITY OF THE BORROWER TO FINANCE ALTERNATIVE**
7 **LIVING ACCOMMODATIONS, SUCH AS ASSISTED LIVING OR LONG-TERM CARE,**
8 **AFTER THE BORROWER'S EQUITY IS DEPLETED.**

9 **(D) IF AN INDIVIDUAL OBTAINS COUNSELING ON REVERSE MORTGAGE**
10 **LOANS FROM A COUNSELING AGENCY BEFORE APPLYING FOR A REVERSE**
11 **MORTGAGE LOAN, THE COUNSELING AGENCY SHALL PROVIDE THE INDIVIDUAL**
12 **WITH THE WRITTEN CHECKLIST REQUIRED UNDER SUBSECTION (C) OF THIS**
13 **SECTION.**

14 **(E) (1) A COUNSELING AGENCY MAY NOT RECEIVE COMPENSATION,**
15 **EITHER DIRECTLY OR INDIRECTLY, FROM:**

16 **(I) THE LENDER;**

17 **(II) THE ORIGINATOR OR SERVICER OF THE REVERSE**
18 **MORTGAGE LOAN; OR**

19 **(III) A PERSON WHO SELLS ANNUITIES, INVESTMENTS,**
20 **LONG-TERM CARE INSURANCE, OR ANY OTHER FINANCIAL OR INSURANCE**
21 **PRODUCT.**

22 **(2) THIS SUBSECTION DOES NOT PROHIBIT A COUNSELING**
23 **AGENCY FROM RECEIVING A CHARITABLE OR PHILANTHROPIC CONTRIBUTION**
24 **THAT IS UNRELATED TO THE OFFERING OR SELLING OF A REVERSE MORTGAGE**
25 **LOAN.**

26 **12-1220.**

27 **(A) BEFORE CLOSING A REVERSE MORTGAGE LOAN, THE LENDER**
28 **SHALL PROVIDE THE BORROWER WITH A WRITTEN SUMMARY OF THE PRINCIPAL**
29 **TERMS AND CONDITIONS OF THE REVERSE MORTGAGE LOAN.**

30 **(B) THE WRITTEN SUMMARY REQUIRED UNDER SUBSECTION (A) OF**
31 **THIS SECTION SHALL:**

32 **(1) BE PREPARED AS A SEPARATE DOCUMENT;**

1 **(2) BE WRITTEN IN PLAIN LANGUAGE; AND**

2 **(3) INCLUDE:**

3 **(I) THE INTEREST RATE AND WHETHER THE INTEREST**
4 **RATE IS FIXED OR ADJUSTABLE;**

5 **(II) IF THE INTEREST RATE IS ADJUSTABLE:**

6 **1. THE FREQUENCY OF THE RATE CHANGE AND THE**
7 **MAXIMUM AMOUNT BY WHICH THE RATE CAN CHANGE IN ANY PERIOD; AND**

8 **2. THE INDEX TO WHICH ANY CHANGES IN THE**
9 **INTEREST RATE ARE TIED;**

10 **(III) THE TERM OF THE REVERSE MORTGAGE LOAN;**

11 **(IV) THE SCHEDULE OF PAYMENTS PAID OUT DURING THE**
12 **TERM OF THE REVERSE MORTGAGE LOAN;**

13 **(V) ALL FEES THAT APPLY TO THE REVERSE MORTGAGE**
14 **LOAN, INCLUDING FEES THAT MAY ACCRUE AFTER IT BECOMES DUE AND**
15 **PAYABLE; AND**

16 **(VI) THE CONDITIONS UNDER WHICH THE REVERSE**
17 **MORTGAGE LOAN BECOMES DUE AND PAYABLE.**

18 **12-1221.**

19 **(A) A LENDER MAY NOT MAKE A REVERSE MORTGAGE LOAN OR ASSESS**
20 **ANY FEES ON A BORROWER UNLESS THE LENDER RECEIVES:**

21 **(1) WRITTEN CERTIFICATION, SIGNED BY THE BORROWER, THAT**
22 **THE BORROWER HAS:**

23 **(I) RECEIVED COUNSELING FROM A COUNSELING AGENCY;**
24 **OR**

25 **(II) DECLINED TO RECEIVE COUNSELING; AND**

26 **(2) THE WRITTEN CHECKLIST REQUIRED UNDER § 12-1219(C) OF**
27 **THIS SUBTITLE, SIGNED BY:**

28 **(I) THE BORROWER; AND**

1 **(II) IF THE BORROWER RECEIVED COUNSELING IN PERSON,**
2 **THE COUNSELOR.**

3 **(B) IF THE CERTIFICATION REQUIRED UNDER SUBSECTION (A)(1) OF**
4 **THIS SECTION CERTIFIES THAT THE BORROWER RECEIVED COUNSELING, THE**
5 **CERTIFICATION SHALL:**

6 **(1) INCLUDE:**

7 **(I) THE DATE ON WHICH THE COUNSELING WAS PROVIDED;**
8 **AND**

9 **(II) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF**
10 **THE COUNSELOR; AND**

11 **(2) BE SIGNED BY THE COUNSELOR.**

12 **(C) THE LENDER SHALL:**

13 **(1) PROVIDE THE BORROWER WITH COPIES OF THE**
14 **CERTIFICATION AND CHECKLIST; AND**

15 **(2) MAINTAIN THE CERTIFICATION AND CHECKLIST FOR THE**
16 **TERM OF THE REVERSE MORTGAGE LOAN.**

17 **12-1222. RESERVED.**

18 **12-1223. RESERVED.**

19 **PART V. PENALTIES.**

20 **12-1224.**

21 **(A) EXCEPT FOR A BONA FIDE ERROR OF COMPUTATION, IF A LENDER**
22 **VIOLATES ANY PROVISION OF THIS SUBTITLE, THE LENDER MAY COLLECT ONLY**
23 **THE PRINCIPAL AMOUNT OF THE REVERSE MORTGAGE LOAN AND MAY NOT**
24 **COLLECT ANY INTEREST, COSTS, FEES, OR OTHER CHARGES WITH RESPECT TO**
25 **THE REVERSE MORTGAGE LOAN.**

26 **(B) IN ADDITION TO THE PENALTY UNDER SUBSECTION (A) OF THIS**
27 **SECTION, A LENDER WHO KNOWINGLY VIOLATES ANY PROVISION OF THIS**
28 **SUBTITLE SHALL FORFEIT TO THE BORROWER THREE TIMES THE AMOUNT OF**
29 **INTEREST AND CHARGES COLLECTED IN EXCESS OF THAT AUTHORIZED BY LAW.**

1 **12-1225.**

2 **A PERSON WHO WILLFULLY VIOLATES ANY PROVISION OF THIS SUBTITLE**
3 **IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT**
4 **EXCEEDING \$1,000 OR IMPRISONMENT NOT EXCEEDING 1 YEAR OR BOTH.**

5 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
6 **October 1, 2010.**