

SENATE BILL 457

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By: **Senator Feldman**

Introduced and read first time: January 20, 2021

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Credit Regulation – Reverse Mortgage Loans Act – Revisions**

3 FOR the purpose of requiring that a borrower of a reverse mortgage loan meet a certain
4 age requirement and occupy the dwelling that secures the reverse mortgage loan as
5 a principal residence; requiring a certain lender or arranger of financing to provide
6 a prospective borrower certain documents at certain times; requiring a certain lender
7 to provide to the borrower a certain statement on or before a certain date each year
8 and a certain disclosure at certain times; requiring a prospective borrower to meet
9 with a certain counseling agency before signing a reverse mortgage loan application;
10 establishing certain requirements for the meeting between a prospective borrower
11 and the counseling agency; authorizing a certain lender to require a borrower to
12 purchase certain insurance to protect the property securing a reverse mortgage loan;
13 providing that certain provisions of law do not prohibit a lender or an arranger of
14 financing from offering to a borrower a certain account or referring a borrower to a
15 person to open a certain account; authorizing a certain lender to collect certain
16 charges and fees with the origination of a reverse mortgage loan; requiring a certain
17 lender to conduct a certain assessment of the financial capacity of a borrower to
18 comply with the terms of the reverse mortgage; prohibiting a lender from binding a
19 borrower to a reverse mortgage earlier than a certain number of days following the
20 written acceptance of the terms of the reverse mortgage; prohibiting a lender from
21 requiring the borrower to close or proceed with the reverse mortgage loan during a
22 certain waiting period; prohibiting a borrower from waiving certain waiting periods;
23 requiring a lender who fails to make certain loan advances to forfeit to the borrower
24 certain money and interest under certain circumstances; requiring that a certain
25 page of a deed of trust or mortgage securing a reverse mortgage loan contain a certain
26 statement; requiring a person to send the borrower certain notice by a certain
27 method before initiating foreclosure proceedings on a reverse mortgage loan;
28 requiring a person to allow a borrower to cure a default within a certain number of
29 days before initiating foreclosure proceedings on a reverse mortgage loan; requiring
30 that a reverse mortgage loan payment made to a borrower be treated as proceeds

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 from a loan and requiring undisbursed funds under a reverse mortgage loan be
2 treated as equity for purposes of determining a borrower's eligibility and benefits for
3 certain means-tested programs; specifying that a lender that makes a reverse
4 mortgage loan that is insured under certain federal requirements satisfies the
5 requirements of this Act if the lender complies with certain federal requirements;
6 establishing that a reverse mortgage constitutes a lien against the subject property
7 and that the lien has priority over any other lien filed or recorded after the reverse
8 mortgage under certain circumstances; requiring that certain arrangements,
9 transfers, and liens subject to this Act may not be invalidated due to the failure of a
10 lender to comply with certain requirements; repealing a certain provision of law
11 establishing that a certain lender is not required to offer a reverse mortgage loan
12 with certain payment plans or to a certain prospective borrower; repealing the
13 requirement that a certain lender or arranger of financing conform to certain federal
14 requirements except under certain circumstances; repealing the exemption for
15 certain reverse mortgage loans from certain federal requirements; repealing the
16 exemption for certain lenders and arrangers of financing from certain federal
17 regulatory approval requirements; defining certain terms and altering certain
18 definitions; providing for the application of this Act; and generally relating to reverse
19 mortgage loans.

20 BY renumbering

21 Article – Commercial Law

22 Section 12–1208

23 to be Section 12–1216

24 Annotated Code of Maryland

25 (2013 Replacement Volume and 2020 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – Commercial Law

28 Section 12–1201, 12–1202, and 12–1206

29 Annotated Code of Maryland

30 (2013 Replacement Volume and 2020 Supplement)

31 BY repealing

32 Article – Commercial Law

33 Section 12–1203 through 12–1205 and 12–1207

34 Annotated Code of Maryland

35 (2013 Replacement Volume and 2020 Supplement)

36 BY adding to

37 Article – Commercial Law

38 Section 12–1203 through 12–1205, 12–1207 through 12–1215, and 12–1217

39 Annotated Code of Maryland

40 (2013 Replacement Volume and 2020 Supplement)

41 BY repealing and reenacting, without amendments,

42 Article – Commercial Law

1 Section 12–1216
2 Annotated Code of Maryland
3 (2013 Replacement Volume and 2020 Supplement)
4 (As enacted by Section 1 of this Act)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
6 That Section(s) 12–1208 of Article – Commercial Law of the Annotated Code of Maryland
7 be renumbered to be Section(s) 12–1216.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
9 as follows:

10 **Article – Commercial Law**

11 12–1201.

12 (a) In this subtitle the following words have the meanings indicated.

13 (b) “Arranger of financing” means a person that:

14 (1) For a fee or other valuable consideration, whether received directly or
15 indirectly, aids or assists a borrower in obtaining a reverse mortgage loan; and

16 (2) Is not named as the lender in the reverse mortgage loan agreement.

17 (c) “Borrower” means an individual who makes a loan application for or receives
18 a reverse mortgage loan.

19 (d) “Counseling agency” means [an entity approved by] **A PERSON THAT IS**
20 **LISTED ON** the U.S. Department of Housing and Urban Development [to provide
21 counseling regarding reverse mortgage loans] **HOME EQUITY CONVERSION MORTGAGE**
22 **COUNSELING ROSTER DESCRIBED UNDER 24 C.F.R. PART 206.**

23 (e) “Dwelling” [has the meaning stated in § 11–501 of the Financial Institutions
24 Article] **MEANS:**

25 **(1) A ONE– TO FOUR–FAMILY RESIDENCE IN WHICH THE BORROWER**
26 **OCCUPIES AT LEAST ONE UNIT;**

27 **(2) A UNIT WITHIN A CONDOMINIUM PROJECT OR PLANNED UNIT**
28 **DEVELOPMENT MEETING:**

29 **(I) THE UNIT OR PROJECT ELIGIBILITY REQUIREMENTS OF**
30 **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THE FEDERAL**
31 **NATIONAL MORTGAGE ASSOCIATION, THE FEDERAL HOME LOAN MORTGAGE**
32 **CORPORATION, THE U.S. DEPARTMENT OF VETERANS AFFAIRS, OR THE RURAL**

1 **HOUSING SERVICE OF THE U.S. DEPARTMENT OF AGRICULTURE; OR**

2 **(II) LENDER OR INVESTOR REQUIREMENTS REASONABLY**
3 **SIMILAR TO THOSE AGENCY OR ENTITY REQUIREMENTS; OR**

4 **(3) A MANUFACTURED HOME BUILT AFTER JUNE 1976.**

5 (f) “Lender” means a person who makes a reverse mortgage loan.

6 **(G) “MEANS-TESTED PROGRAM OF AID TO INDIVIDUALS” MEANS ANY LAW**
7 **OR PROGRAM THAT RELATES TO PAYMENTS, ALLOWANCES, BENEFITS, OR SERVICES**
8 **THAT ARE PROVIDED ON A MEANS-TESTED BASIS BY THE STATE.**

9 **[(g)] (H)** “Person” includes an individual, corporation, business trust, statutory
10 trust, estate, trust, partnership, association, two or more persons having a joint or common
11 interest, or any other legal or commercial entity.

12 **(I) “PRINCIPAL RESIDENCE” MEANS THE DWELLING:**

13 **(1) THAT AN INDIVIDUAL MAINTAINS OR PLANS TO MAINTAIN AS THE**
14 **INDIVIDUAL’S PERMANENT PLACE OF ABODE; AND**

15 **(2) WHERE THE INDIVIDUAL TYPICALLY SPENDS THE MAJORITY OF**
16 **THE CALENDAR YEAR.**

17 **[(h)] (J)** “Reverse mortgage loan” means a nonrecourse loan that:

18 (1) Is secured by the borrower’s principal **[dwelling] RESIDENCE;**

19 (2) Provides **CASH ADVANCES TO** the borrower **[with purchase money**
20 **proceeds, a lump sum payment, periodic cash advances, a line of credit, or any combination**
21 **of those payment plans] based on the BORROWER’S equity in [or value of] the borrower’s**
22 **principal RESIDENCE OR PROVIDES A CASH ADVANCE ON BEHALF OF A BORROWER**
23 **PURCHASING A dwelling TO BE OCCUPIED BY THE BORROWER AS A PRINCIPAL**
24 **RESIDENCE; and**

25 (3) Requires no payment of principal or interest until **[the full loan becomes**
26 **due and payable]:**

27 **(I) THE LAST SURVIVING BORROWER DIES;**

28 **(II) THE BORROWER’S PRINCIPAL RESIDENCE IS SOLD OR**
29 **OTHERWISE TRANSFERRED;**

1 **(III) THE DWELLING THAT SECURES THE LOAN IS NO LONGER**
2 **THE BORROWER'S PRINCIPAL RESIDENCE;**

3 **(IV) THE BORROWER FAILS TO OCCUPY THE DWELLING:**

4 1. **WITHIN 60 DAYS AFTER CONSUMMATION OF THE**
5 **LOAN IN A PURCHASE MONEY TRANSACTION; OR**

6 2. **FOR MORE THAN 12 MONTHS BECAUSE OF PHYSICAL**
7 **OR MENTAL ILLNESS AND NO OTHER BORROWER MAINTAINS THE PROPERTY AS A**
8 **PRINCIPAL RESIDENCE; OR**

9 **(V) THE BORROWER DEFAULTS UNDER THE TERMS OF THE**
10 **LOAN.**

11 12-1202.

12 (a) The provisions of this subtitle:

13 (1) Apply to a reverse mortgage loan secured by a borrower's principal
14 **[dwelling] RESIDENCE** in the State; and

15 (2) Are in addition to any other applicable provisions of law.

16 (b) If a provision of this subtitle conflicts with any provision of this title, the
17 provision of this subtitle applies.

18 **[12-1203.**

19 This subtitle does not require a lender that offers to make a reverse mortgage loan
20 to offer a reverse mortgage loan:

21 (1) With any one or more particular payment plans; or

22 (2) To a prospective borrower who holds title to a dwelling in other than fee
23 simple interest.]

24 **12-1203.**

25 **A BORROWER SHALL:**

26 (1) **BE AT LEAST 60 YEARS OLD; AND**

27 (2) **OCCUPY THE DWELLING THAT SECURES THE REVERSE**
28 **MORTGAGE LOAN AS A PRINCIPAL RESIDENCE.**

1 [12-1204.

2 (a) Except as otherwise provided in this subtitle, a lender that offers or makes a
3 reverse mortgage loan secured by a dwelling in the State shall conform to the requirements
4 of 12 U.S.C. § 1715z-20, and any regulations and guidance adopted under 12 U.S.C. §
5 1715z-20, regardless of whether the reverse mortgage loan is insured under 12 U.S.C. §
6 1715z-20.

7 (b) Except as otherwise provided in this subtitle, an arranger of financing that
8 aids or assists, or offers to aid or assist, a borrower in obtaining a reverse mortgage loan
9 secured by a dwelling in the State shall conform to the requirements of 12 U.S.C. §
10 1715z-20, and any regulations and guidance adopted under 12 U.S.C. § 1715z-20,
11 regardless of whether the reverse mortgage loan is insured under 12 U.S.C. § 1715z-20.]

12 **12-1204.**

13 **(A) AT THE TIME THE LENDER OR ARRANGER OF FINANCING PROVIDES AN**
14 **APPLICATION FOR A REVERSE MORTGAGE LOAN TO A PROSPECTIVE BORROWER,**
15 **THE LENDER OR ARRANGER OF FINANCING SHALL PROVIDE TO THE PROSPECTIVE**
16 **BORROWER:**

17 **(1) A DISCLOSURE, WRITTEN IN 12 POINT TYPE OR LARGER, THAT**
18 **EXPLAINS ANY ADJUSTABLE INTEREST RATE FEATURE OF THE REVERSE MORTGAGE**
19 **LOAN, INCLUDING:**

20 **(I) THE CIRCUMSTANCES UNDER WHICH THE INTEREST RATE**
21 **MAY INCREASE;**

22 **(II) ANY LIMITATIONS ON THE AMOUNT THAT THE INTEREST**
23 **RATE MAY INCREASE; AND**

24 **(III) THE EFFECT OF AN INCREASE IN THE INTEREST RATE;**

25 **(2) A LIST, WRITTEN IN 12 POINT TYPE OR LARGER, OF AT LEAST FIVE**
26 **COUNSELING AGENCIES THAT INCLUDES EACH COUNSELING AGENCY'S NAME,**
27 **ADDRESS, AND TELEPHONE NUMBER; AND**

28 **(3) A CHECKLIST, WRITTEN IN 12 POINT TYPE OR LARGER, ADVISING**
29 **THE BORROWER TO DISCUSS THE FOLLOWING ISSUES WITH A COUNSELING AGENCY**
30 **COUNSELOR:**

31 **(I) HOW UNEXPECTED MEDICAL OR OTHER EVENTS THAT**
32 **CAUSE THE BORROWER TO MOVE OUT OF THE BORROWER'S HOME EARLIER THAN**

1 ANTICIPATED WILL IMPACT THE TOTAL ANNUAL COST OF THE REVERSE MORTGAGE
2 LOAN;

3 (II) THE EXTENT TO WHICH THE BORROWER'S FINANCIAL
4 NEEDS WOULD BE BETTER MET BY OPTIONS OTHER THAN A REVERSE MORTGAGE
5 LOAN, INCLUDING LESS COSTLY HOME EQUITY LINES OF CREDIT, PROPERTY TAX
6 DEFERRAL PROGRAMS, OR GOVERNMENTAL AID PROGRAMS;

7 (III) WHETHER THE BORROWER INTENDS TO USE THE
8 PROCEEDS OF THE REVERSE MORTGAGE LOAN TO PURCHASE AN ANNUITY OR
9 OTHER FINANCIAL OR INSURANCE PRODUCT AND THE CONSEQUENCES OF DOING
10 SO;

11 (IV) THE EFFECT OF REPAYMENT OF THE REVERSE MORTGAGE
12 LOAN ON NONBORROWING SPOUSES AND NONBORROWING RESIDENTS OF THE HOME
13 SECURING THE REVERSE MORTGAGE LOAN AFTER ALL BORROWERS HAVE DIED OR
14 PERMANENTLY LEFT THE HOME;

15 (V) THE BORROWER'S ABILITY TO FINANCE ROUTINE OR
16 CATASTROPHIC HOME REPAIRS, ESPECIALLY IF MAINTENANCE IS A FACTOR THAT
17 MAY DETERMINE WHEN THE REVERSE MORTGAGE LOAN BECOMES DUE AND
18 PAYABLE;

19 (VI) THE IMPACT THAT THE REVERSE MORTGAGE LOAN MAY
20 HAVE ON THE BORROWER'S TAX OBLIGATIONS AND ELIGIBILITY FOR GOVERNMENT
21 ASSISTANCE PROGRAMS, AND THE EFFECT THAT LOSING EQUITY IN THE HOME
22 SECURING THE REVERSE MORTGAGE LOAN WILL HAVE ON THE BORROWER'S ESTATE
23 AND HEIRS; AND

24 (VII) THE ABILITY OF THE BORROWER TO FINANCE ALTERNATIVE
25 LIVING ACCOMMODATIONS, SUCH AS ASSISTED LIVING OR LONG-TERM CARE, AFTER
26 THE BORROWER'S EQUITY IS DEPLETED.

27 (B) AT LEAST 10 DAYS BEFORE THE DAY ON WHICH A REVERSE MORTGAGE
28 LOAN CLOSES, THE LENDER OR ARRANGER OF FINANCING SHALL PROVIDE TO THE
29 PROSPECTIVE BORROWER A DISCLOSURE, WRITTEN IN 12 POINT TYPE OR LARGER,
30 THAT STATES:

31 (1) THE BORROWER'S LIABILITY UNDER THE REVERSE MORTGAGE
32 LOAN IS LIMITED;

33 (2) THE BORROWER'S RIGHTS, OBLIGATIONS, AND REMEDIES THAT
34 RELATE TO:

1 **(I) TEMPORARY ABSENCES, LATE PAYMENTS, AND PAYMENT**
2 **DEFAULT BY THE LENDER; AND**

3 **(II) EACH CONDITION THAT REQUIRES SATISFACTION OF THE**
4 **REVERSE MORTGAGE LOAN;**

5 **(3) THE PROJECTED TOTAL COST OF THE REVERSE MORTGAGE LOAN**
6 **TO THE BORROWER, BASED ON THE PROJECTED TOTAL FUTURE LOAN BALANCE;**
7 **AND**

8 **(4) IF THE BORROWER HAS A NONBORROWING SPOUSE THAT RESIDES**
9 **IN THE PROPERTY SECURING THE REVERSE MORTGAGE LOAN, WHAT WILL HAPPEN**
10 **TO THE PROPERTY AND WHAT RIGHTS, IF ANY, THE NONBORROWING SPOUSE WILL**
11 **HAVE UNDER THE TERMS OF THE REVERSE MORTGAGE LOAN IF THE BORROWER**
12 **PREDECEASES THE NONBORROWING SPOUSE.**

13 **(C) ON OR BEFORE JANUARY 31 EACH YEAR, THE LENDER SHALL PROVIDE**
14 **TO THE BORROWER A STATEMENT, WRITTEN IN 12 POINT TYPE OR LARGER, THAT**
15 **SUMMARIZES:**

16 **(1) THE TOTAL PRINCIPAL AMOUNT PAID TO THE BORROWER UNDER**
17 **THE REVERSE MORTGAGE LOAN;**

18 **(2) THE TOTAL AMOUNT OF DEFERRED INTEREST ADDED TO THE**
19 **LOAN BALANCE; AND**

20 **(3) THE OUTSTANDING LOAN BALANCE AT THE END OF THE**
21 **IMMEDIATELY PRECEDING YEAR, IF APPLICABLE.**

22 **(D) AT LEAST 25 DAYS BEFORE THE DAY ON WHICH THE LENDER ADJUSTS**
23 **THE INTEREST RATE ON A REVERSE MORTGAGE LOAN, THE LENDER SHALL PROVIDE**
24 **TO THE BORROWER A DISCLOSURE, WRITTEN IN 12 POINT TYPE OR LARGER, THAT**
25 **STATES:**

26 **(1) THE CURRENT INDEX AMOUNT;**

27 **(2) THE PUBLICATION DATE OF THE INDEX; AND**

28 **(3) THE NEW INTEREST RATE.**

29 [12-1205.

30 (a) A reverse mortgage loan that is not insured under 12 U.S.C. § 1715z-20 is not

1 subject to the provisions in 12 U.S.C. § 1715z-20, or in any regulations or guidance adopted
2 under 12 U.S.C. § 1715z-20, that:

3 (1) Limit origination fees to \$6,000 as adjusted under 12 U.S.C. §
4 1715z-20(r);

5 (2) Impose maximum claim amounts or other loan limit restrictions; or

6 (3) Require government insurance for the loan.

7 (b) A lender or an arranger of financing is not subject to the federal regulatory
8 approval requirements of 24 C.F.R., Part 202 when making or arranging a reverse
9 mortgage loan that is not insured under 12 U.S.C. § 1715z-20.]

10 **12-1205.**

11 (A) BEFORE A PROSPECTIVE BORROWER SIGNS A REVERSE MORTGAGE
12 LOAN APPLICATION, THE PROSPECTIVE BORROWER SHALL MEET WITH A
13 COUNSELING AGENCY.

14 (B) DURING THE MEETING DESCRIBED IN SUBSECTION (A) OF THIS
15 SECTION:

16 (1) THE PROSPECTIVE BORROWER AND THE COUNSELING AGENCY
17 SHALL DISCUSS EACH OF THE MATTERS SET FORTH IN THE CHECKLIST PROVIDED
18 UNDER § 12-1204(A)(3) OF THIS SUBTITLE; AND

19 (2) THE COUNSELING AGENCY SHALL GIVE THE PROSPECTIVE
20 BORROWER A WRITTEN DISCLOSURE THAT STATES THAT A REVERSE MORTGAGE
21 LOAN MAY:

22 (I) HAVE TAX CONSEQUENCES;

23 (II) AFFECT THE PROSPECTIVE BORROWER'S ELIGIBILITY FOR
24 ASSISTANCE UNDER STATE AND FEDERAL PROGRAMS; AND

25 (III) IMPACT THE PROSPECTIVE BORROWER'S ESTATE AND
26 HEIRS.

27 (C) IF AN INDIVIDUAL OBTAINS COUNSELING ON REVERSE MORTGAGE
28 LOANS FROM A COUNSELING AGENCY BEFORE APPLYING FOR A REVERSE
29 MORTGAGE LOAN FROM A LENDER OR AN ARRANGER OF FINANCING, THE
30 COUNSELING AGENCY SHALL PROVIDE THE INDIVIDUAL WITH THE WRITTEN
31 CHECKLIST REQUIRED UNDER § 12-1204(A)(3) OF THIS SUBTITLE.

1 12-1206.

2 (a) (1) Except as provided in paragraph (2) of this subsection, a lender or an
3 arranger of financing may not require a borrower to purchase an annuity, a long-term care
4 policy, or other financial or insurance product as a condition to obtaining a reverse
5 mortgage loan.

6 (2) A lender or an arranger of financing may require a borrower to
7 purchase title insurance, hazard, flood, or other peril insurance, and any other financial or
8 insurance product that is required [for reverse mortgage loans insured under 12 U.S.C. §
9 1715z-20] **TO PROTECT THE PROPERTY SECURING THE REVERSE MORTGAGE LOAN.**

10 (b) A lender or an arranger of financing may not refer a borrower to any person
11 for the purchase of an annuity or any other financial or insurance product before the later
12 of:

13 (1) The closing of the reverse mortgage loan; or

14 (2) The expiration of the borrower's right to rescind the reverse mortgage
15 loan [agreement].

16 (c) This section does not prohibit a lender or an arranger of financing from
17 [offering]:

18 (1) **OFFERING** to a borrower[, or referring a borrower to a person for the
19 purchase of]:

20 [(1)] (I) Title insurance;

21 [(2)] (II) Hazard, flood, or other peril insurance; [or]

22 [(3)] (III) Other products that are customary under a reverse mortgage
23 loan; **OR**

24 (IV) **A DEPOSITORY ACCOUNT AT A BANKING INSTITUTION; OR**

25 (2) **REFERRING A BORROWER TO A PERSON:**

26 (I) **FOR THE PURCHASE OF:**

27 1. **TITLE INSURANCE;**

28 2. **HAZARD, FLOOD, OR OTHER PERIL INSURANCE; OR**

1 **3. OTHER PRODUCTS THAT ARE CUSTOMARY UNDER A**
2 **REVERSE MORTGAGE LOAN; OR**

3 **(II) TO OPEN A DEPOSITORY ACCOUNT AT A BANKING**
4 **INSTITUTION.**

5 [12–1207.

6 (a) On receiving an application for a reverse mortgage loan, a lender or an
7 arranger of financing shall provide a prospective borrower with a written checklist, written
8 in 12 point type or larger, advising the borrower to discuss the following issues with a
9 counseling agency counselor:

10 (1) How unexpected medical or other events that cause the borrower to
11 move out of the borrower’s home earlier than anticipated will impact the total annual cost
12 of the reverse mortgage loan;

13 (2) The extent to which the borrower’s financial needs would be better met
14 by options other than a reverse mortgage loan, including less costly home equity lines of
15 credit, property tax deferral programs, or governmental aid programs;

16 (3) Whether the borrower intends to use the proceeds of the reverse
17 mortgage loan to purchase an annuity or other financial or insurance product and the
18 consequences of doing so;

19 (4) The effect of repayment of the reverse mortgage loan on other residents
20 of the home securing the reverse mortgage loan after all borrowers have died or
21 permanently left the home;

22 (5) The borrower’s ability to finance routine or catastrophic home repairs,
23 especially if maintenance is a factor that may determine when the reverse mortgage loan
24 becomes payable;

25 (6) The impact that the reverse mortgage loan may have on the borrower’s
26 tax obligations and eligibility for government assistance programs, and the effect that
27 losing equity in the home securing the reverse mortgage loan will have on the borrower’s
28 estate and heirs; and

29 (7) The ability of the borrower to finance alternative living
30 accommodations, such as assisted living or long–term care, after the borrower’s equity is
31 depleted.

32 (b) If an individual obtains counseling on reverse mortgage loans from a
33 counseling agency before applying for a reverse mortgage loan, the counseling agency shall
34 provide the individual with the written checklist required under subsection (a) of this
35 section.]

1 **12-1207.**

2 **A LENDER OR AN ARRANGER OF FINANCING MAY COLLECT THE FOLLOWING**
3 **CHARGES AND FEES WITH THE ORIGINATION OF A REVERSE MORTGAGE LOAN:**

4 **(1) THE ACTUAL EXPENSES THAT THE LENDER OR ARRANGER OF**
5 **FINANCING INCURS IN ORIGINATING AND CLOSING THE REVERSE MORTGAGE LOAN,**
6 **INCLUDING A FEE FOR THE ARRANGER OF FINANCING IF THE ARRANGER OF**
7 **FINANCING AND THE LENDER DO NOT SHARE ANY PECUNIARY INTEREST; AND**

8 **(2) THE ACTUAL AMOUNT THAT THE LENDER PAID FOR:**

9 **(I) A RECORDING FEE;**

10 **(II) A CREDIT REPORT;**

11 **(III) A SURVEY, IF REQUIRED BY THE LENDER OR THE**
12 **BORROWER;**

13 **(IV) A TITLE EXAMINATION;**

14 **(V) THE LENDER'S TITLE INSURANCE; AND**

15 **(VI) APPRAISAL FEES RELATED TO APPRAISALS OF THE REAL**
16 **PROPERTY THAT SECURES THE REVERSE MORTGAGE LOAN.**

17 **12-1208.**

18 **(A) BEFORE LOAN APPROVAL, THE LENDER SHALL ASSESS THE FINANCIAL**
19 **CAPACITY OF THE BORROWER TO COMPLY WITH THE TERMS OF THE REVERSE**
20 **MORTGAGE LOAN AND EVALUATE WHETHER THE REVERSE MORTGAGE LOAN IS A**
21 **SUSTAINABLE SOLUTION FOR THE BORROWER.**

22 **(B) THE FINANCIAL ASSESSMENT SHALL CONSIDER THE BORROWER'S**
23 **CREDIT HISTORY, CASH FLOW AND RESIDUAL INCOME, EXTENUATING**
24 **CIRCUMSTANCES, AND COMPENSATING FACTORS.**

25 **(C) THE FINANCIAL ASSESSMENT DESCRIBED IN SUBSECTIONS (A) AND (B)**
26 **OF THIS SECTION SHALL MEET THE U.S. DEPARTMENT OF HOUSING AND URBAN**
27 **DEVELOPMENT'S FINANCIAL ASSESSMENT REQUIREMENTS DESCRIBED IN 24 C.F.R.**
28 **§ 206.37(B) OR LENDER OR INVESTOR FINANCIAL ASSESSMENT REQUIREMENTS**
29 **THAT ARE REASONABLY SIMILAR TO THE ASSESSMENT REQUIREMENTS DESCRIBED**

1 IN 24 C.F.R. § 206.37(B).

2 12-1209.

3 (A) AFTER A BORROWER ACCEPTS, IN WRITING, A LENDER'S WRITTEN
4 COMMITMENT TO MAKE A REVERSE MORTGAGE LOAN, THE LENDER MAY NOT BIND
5 THE BORROWER TO THE REVERSE MORTGAGE LOAN EARLIER THAN 7 DAYS AFTER
6 THE DAY ON WHICH THE BORROWER GIVES THE WRITTEN ACCEPTANCE TO THE
7 LENDER.

8 (B) DURING THE 7-DAY PERIOD DESCRIBED IN SUBSECTION (A) OF THIS
9 SECTION, THE LENDER MAY NOT REQUIRE THE BORROWER TO CLOSE OR
10 OTHERWISE PROCEED WITH THE REVERSE MORTGAGE LOAN.

11 (C) A BORROWER MAY NOT WAIVE THE REQUIREMENTS OF THIS SECTION.

12 12-1210.

13 A LENDER WHO FAILS TO MAKE LOAN ADVANCES AS REQUIRED IN THE LOAN
14 DOCUMENTS, AND FAILS TO CURE AN ACTUAL DEFAULT AFTER NOTICE AS
15 SPECIFIED IN THE LOAN DOCUMENTS, SHALL FORFEIT TO THE BORROWER THREE
16 TIMES THE AMOUNT WRONGFULLY WITHHELD PLUS INTEREST AT THE LEGAL RATE.

17 12-1211.

18 THE FIRST PAGE OF ANY DEED OF TRUST OR MORTGAGE SECURING A REVERSE
19 MORTGAGE LOAN SHALL CONTAIN THE FOLLOWING STATEMENT IN 10 POINT OR
20 LARGER BOLDFACE TYPE: "THIS (DEED OF TRUST/MORTGAGE) SECURES A REVERSE
21 MORTGAGE LOAN."

22 12-1212.

23 BEFORE A PERSON INITIATES FORECLOSURE PROCEEDINGS ON A REVERSE
24 MORTGAGE LOAN, THE PERSON SHALL:

25 (1) SEND THE BORROWER, BY CERTIFIED MAIL, RETURN RECEIPT
26 REQUESTED, WRITTEN NOTICE THAT STATES THE GROUNDS FOR DEFAULT AND
27 FORECLOSURE; AND

28 (2) PROVIDE THE BORROWER AT LEAST 30 DAYS AFTER THE DAY ON
29 WHICH THE PERSON SENDS THE NOTICE DESCRIBED IN SUBSECTION (A) OF THIS
30 SECTION TO CURE THE BORROWER'S DEFAULT.

1 **12-1213.**

2 **FOR PURPOSES OF DETERMINING A BORROWER'S ELIGIBILITY AND BENEFITS**
3 **FOR A MEANS-TESTED PROGRAM OF AID TO INDIVIDUALS:**

4 **(1) A REVERSE MORTGAGE LOAN PAYMENT MADE TO A BORROWER**
5 **SHALL BE TREATED AS PROCEEDS FROM A LOAN AND NOT AS INCOME; AND**

6 **(2) UNDISBURSED FUNDS UNDER A REVERSE MORTGAGE LOAN**
7 **SHALL BE TREATED AS EQUITY IN THE BORROWER'S HOME AND NOT AS PROCEEDS**
8 **FROM A LOAN.**

9 **12-1214.**

10 **WHEN A LENDER MAKES A REVERSE MORTGAGE LOAN THAT IS INSURED**
11 **UNDER 12 U.S.C. § 1715Z-20, THE LENDER SATISFIES THE REQUIREMENTS**
12 **DESCRIBED IN §§ 12-1203 THROUGH 12-1213 OF THIS SUBTITLE IF THE LENDER**
13 **COMPLIES WITH THE REQUIREMENTS DESCRIBED IN 12 U.S.C. § 1715Z-20 AND 24**
14 **C.F.R., PART 206.**

15 **12-1215.**

16 **(A) A REVERSE MORTGAGE SHALL CONSTITUTE A LIEN AGAINST THE**
17 **SUBJECT PROPERTY TO THE EXTENT OF ALL ADVANCES MADE UNDER THE LOAN**
18 **DOCUMENTS, REGARDLESS OF THE PURPOSE OF THE ADVANCE.**

19 **(B) THE LIEN ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION, AND**
20 **ALL INTEREST ACCRUED ON ADVANCES, SHALL HAVE PRIORITY OVER ANY LIEN**
21 **FILED OR RECORDED AFTER RECORDATION OF A REVERSE MORTGAGE.**

22 **12-1216.**

23 **(a) Except as otherwise provided in this section:**

24 **(1) A lender or arranger of financing for a reverse mortgage loan insured**
25 **under 12 U.S.C. § 1715z-20 that violates this subtitle is subject to the penalties provided**
26 **in 12 U.S.C. § 1715z-20, and in any regulations and guidance adopted under 12 U.S.C. §**
27 **1715z-20; and**

28 **(2) A lender or arranger of financing for a reverse mortgage loan not**
29 **insured under 12 U.S.C. § 1715z-20 that violates this subtitle:**

30 **(i) Engages in an unfair or deceptive trade practice within the**
31 **meaning of Title 13 of this article; and**

1 (ii) Is subject to the enforcement and penalty provisions contained in
2 Title 13 of this article, except § 13-411.

3 (b) A violation of this subtitle does not constitute a violation of any other subtitle
4 of this title.

5 **12-1217.**

6 **(A) AN ARRANGEMENT, A TRANSFER, OR A LIEN SUBJECT TO THIS SUBTITLE**
7 **MAY NOT BE INVALIDATED SOLELY BECAUSE OF THE FAILURE OF A LENDER TO**
8 **COMPLY WITH ANY PROVISION OF THIS SUBTITLE.**

9 **(B) THIS SECTION DOES NOT PRECLUDE THE APPLICATION OF ANY OTHER**
10 **CIVIL REMEDIES PROVIDED BY LAW.**

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to
12 apply only prospectively and may not be applied or interpreted to have any effect on or
13 application to any reverse mortgage loan applied for before the effective date of this Act.

14 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2021.