

110TH CONGRESS  
2D SESSION

# H. R. 5758

To prohibit authorized lenders of home equity conversion mortgages from requiring seniors to purchase an annuity with the proceeds of a reverse mortgage, and to provide other consumer protections to reverse mortgage borrowers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2008

Ms. LEE introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To prohibit authorized lenders of home equity conversion mortgages from requiring seniors to purchase an annuity with the proceeds of a reverse mortgage, and to provide other consumer protections to reverse mortgage borrowers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Reverse Mortgage Pro-  
5 ceeds Protection Act”.

1 **SEC. 2. PROHIBITION ON REQUIRED PURCHASE OF AN AN-**  
2 **NUITY.**

3 Section 255 of the National Housing Act of 1937 (12  
4 U.S.C. 1715z–20) is amended—

5 (1) by striking subparagraph (B) of subsection  
6 (d)(2) and inserting the following new subparagraph:

7 “(B) has received adequate counseling by a  
8 third party (other than a reverse mortgage  
9 lender, servicer or investor, or an entity en-  
10 gaged in the sale of annuities, investments,  
11 long-term care insurance, or any other type of  
12 financial or insurance product) as provided in  
13 subsection (f);”;

14 (2) by striking the first sentence of subsection  
15 (f) and inserting the following new sentence: “The  
16 Secretary shall provide or cause to be provided and  
17 paid for by entities other than a reverse mortgage  
18 lender, servicer or investor, or an entity engaged in  
19 the sale of annuities, investments, long-term care in-  
20 surance, or any other type of financial or insurance  
21 product the information required in subsection  
22 (d)(2)(B).”;

23 (3) by striking subsection (l);

24 (4) by redesignating subsection (m) as sub-  
25 section (l);

1           (5) by striking subsection (l), as so redesign-  
2           nated, and inserting the following new subsection:

3           “(l) FUNDING FOR COUNSELING.—The Secretary  
4           may, in his or her discretion, use a portion of the mort-  
5           gage insurance premiums collected under the program  
6           under this section to adequately fund the counseling and  
7           disclosure activities required under subsection (f), includ-  
8           ing counseling for those homeowners who elect not to take  
9           out a home equity conversion mortgage.”; and

10           (6) by adding at the end the following new sub-  
11           section:

12           “(m) REGULATIONS TO PROTECT ELDERLY HOME-  
13           OWNERS.—

14           “(1) IN GENERAL.—Not later than 6 months  
15           after the date of the enactment of the Reverse Mort-  
16           gage Proceeds Protection Act, the Secretary shall, in  
17           consultation with other relevant Federal depart-  
18           ments and agencies, prescribe regulations to help  
19           protect elderly homeowners from the marketing of fi-  
20           nancial and insurance products not in the interest of  
21           such homeowners, including the marketing or sale of  
22           an annuity as a condition of obtaining any home eq-  
23           uity conversion mortgage.

24           “(2) CONSULTATION.—In developing the regu-  
25           lations required under paragraph (1), the Secretary

1        shall consult with consumer advocates (including  
2        recognized experts in consumer protection), industry  
3        representatives, representatives of counseling organi-  
4        zations, and other interested parties.”.

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