

HB 2562 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/8

WHAT THE MEASURE DOES:

Requires lender for reverse mortgage to annually send notice to borrower informing them that borrower retains title to property and is responsible for paying property taxes, insurance, maintenance and related taxes and that failure to pay the taxes and fees may cause reverse mortgage to become due immediately. Provides that the notice must be provided every year at least 60 days prior to date property taxes are due.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A reverse mortgage is a contract that allows the borrower to receive loan proceeds from the lender in either a lump sum or in monthly installments. When the borrower sells the property securing the loan, the proceeds of the sale are used to pay off the lender. Certain lenders of reverse mortgages must describe how a reverse mortgage works and provide information on interest, fees and taxes in their advertisements, solicitations, and communications. Insured banks and credit unions are exempt from the disclosure requirements, as are licensed consumer finance lenders, mortgage bankers and mortgage brokers.

House Bill 2562 would require all reverse mortgage lenders to provide annual notice to the borrower stating that the borrower remains responsible for paying property taxes, insurance, maintenance and related taxes. The annual notice must be made at least 60 days before property taxes are due.