

104TH CONGRESS
2D SESSION

H. R. 3897

To provide permanent authority for the insurance of home equity conversion mortgages and promote consumer education in connection with such mortgages, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 1996

Mr. LAZIO of New York (for himself, Mr. LEACH, Mr. BEREUTER, Mr. BAKER of Louisiana, Mr. CASTLE, Mr. WELLER, Mr. HAYWORTH, Mr. BONO, Mr. NEY, Mr. EHRLICH, Mr. CREMEANS, Mr. FOX of Pennsylvania, Mr. HEINEMAN, Mr. WATTS of Oklahoma, Mr. ENGLISH of Pennsylvania, Mr. ENSIGN, and Mr. FLANAGAN) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To provide permanent authority for the insurance of home equity conversion mortgages and promote consumer education in connection with such mortgages, 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 “Senior Citizens Home-
5 ownership Protection Act of 1996”.

1 **SEC. 2. PERMANENT HOME EQUITY CONVERSION MORT-**
 2 **GAGE INSURANCE AUTHORITY.**

3 Section 255(g) of the National Housing Act (12
 4 U.S.C. 1715z–20(g)) is amended by striking the first 2
 5 sentences.

6 **SEC. 3. PERMISSION FOR MORTGAGEE TO ARRANGE FOR**
 7 **CONSUMER EDUCATION.**

8 Section 255 of the National Housing Act is amend-
 9 ed—

10 (1) in subsection (d)(2), by striking subpara-
 11 graph (B) and inserting the following new subpara-
 12 graph:

13 “(B) has received adequate consumer edu-
 14 cation by a third party as provided in sub-
 15 section (f); and”;

16 (2) in subsection (e), by striking paragraph (1)
 17 and inserting the following new paragraph:

18 “(1) no later than the time of the loan applica-
 19 tion, a disclosure form developed by the Secretary
 20 and information regarding sources of the consumer
 21 education required in subsection (d)(2)(B);”;

22 (3) in subsection (f)—

23 (A) by striking the first sentence and in-
 24 serting the following new sentence: “The Sec-
 25 retary shall provide or cause to be provided the
 26 consumer education required in subsection

1 (d)(2)(B) and shall set standards for providers
2 of consumer education to the extent considered
3 necessary by the Secretary.”; and

4 (B) by inserting after paragraph (5) the
5 following new sentence:

6 “Nothing in this section shall prevent the mortgagee from
7 requiring the mortgagor to provide reasonable compensa-
8 tion to the party that provided the consumer education
9 required in subsection (d)(2)(B), including reimbursement
10 from proceeds of the mortgage, as long as no payment
11 or other thing of value is given in violation of section 8
12 of the Real Estate Settlement Procedures Act of 1974.”.

13 **SEC. 4. OTHER APPROACHES TO CONSUMER EDUCATION.**

14 The Secretary of Housing and Urban Development
15 shall consult with consumer groups, industry representa-
16 tives, representatives of counseling organizations, and
17 other interested parties to identify approaches to
18 consumer education other than the requirements of section
19 255 of the National Housing Act that may be feasible and
20 desirable for home equity conversion mortgages insured
21 under section 255 and other types of reverse mortgages.
22 The Secretary may adopt, in lieu of the consumer edu-
23 cation required by section 255(f) of the National Housing
24 Act, alternative approaches to consumer education that
25 may be developed as a result of such consultations.

1 **SEC. 5. FUNDING FOR COUNSELING AND CONSUMER EDU-**
2 **CATION AND OUTREACH.**

3 (a) AUTHORITY TO USE ASSISTED HOUSING
4 AMOUNTS.—To the extent and for the purposes specified
5 in subsection (b), and in addition to any other amounts
6 available for such purposes, the Secretary of Housing and
7 Urban Development may use recaptured amounts initially
8 appropriated for the account of the Department of Hous-
9 ing and Urban Development known as the Annual Con-
10 tributions for Assisted Housing account.

11 (b) FISCAL YEAR 1997.—Of the amounts described
12 in subsection (a), up to a total of \$1,000,000 shall be
13 available to the Secretary for fiscal year 1997, in such
14 amounts as the Secretary determines appropriate, for the
15 following purposes in connection with home equity conver-
16 sion mortgages insured under section 255 of the National
17 Housing Act:

18 (1) For housing counseling authorized by sec-
19 tion 106 of the Housing and Urban Development
20 Act of 1968.

21 (2) For transfer to the departmental salaries
22 and expenses account for consumer education and
23 outreach activities.

24 **SEC. 6. CONFORMING AMENDMENTS.**

25 Section 255 of the National Housing Act is amend-
26 ed—

1 (1) in the section heading, by striking “DEM-
2 ONSTRATION”;

3 (2) in subsections (a) and (i)(1) by striking
4 “demonstration” each place it appears;

5 (3) in subsection (a)—

6 (A) in paragraph (1), by inserting “and”
7 after the semicolon at the end;

8 (B) in paragraph (2), by striking “; and”
9 at the end and inserting a period; and

10 (C) by striking paragraph (3); and

11 (4) by striking subsection (k).

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