

**SENATE . . . . . No. 479**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Brian A. Joyce**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to reverse mortgages.

PETITION OF:

NAME:

Brian A. Joyce

DISTRICT/ADDRESS:

Norfolk, Bristol and Plymouth

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## AN ACT RELATIVE TO REVERSE MORTGAGES.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Subsection (i) of Section 7 of chapter 167 E is hereby repealed.

2 SECTION 2. Definitions

3 “Authorized Reverse Mortgage Loan Originator” (“ARLO”) shall mean a Mortgage Loan Originator  
4 approved by the DOB to negotiate, arrange, or sell Reverse Mortgages to Consumers. A person whose  
5 activities are ministerial and clerical will not be deemed to be acting as an ARLO.

6 “Consumer” means a natural person who is a resident of Massachusetts who seeks or obtains a mortgage  
7 loan secured by the Consumer’s principal residence in Massachusetts.

8 “the division” shall meant the Massachusetts Division of Banking.

9 “Commissioner” means the Commissioner of the DOB

10 “Reverse Mortgage” means a nonrecourse Mortgage Loan in which: (1) a mortgage, deed of trust, or  
11 equivalent consensual security interest securing one or more advances is created in the Consumer’s  
12 principal dwelling located in Massachusetts; and (2) any principal, interest, or shared appreciation or  
13 equity is due and payable (other than in the case of default) only after: (i) the Consumer dies; (ii) the  
14 dwelling is transferred; or (iii) the Consumer ceased to occupy the dwelling as a principal dwelling

15 SECTION 3. Said chapter 167E is hereby amended by inserting after section 7 the following  
16 section:-

17 Section 7A. Licensure of Reverse Mortgage Loan Originators

18 (a) No natural person shall act as an authorized reverse mortgage loan originator unless such person  
19 has first obtained an authorized reverse mortgage loan originator license from the commissioner. A  
20 natural person who meets the definition of an authorized reverse mortgage loan originator, prior to  
21 enactment of this section, shall file an application and obtain a license from the commissioner within one  
22 hundred eighty (180) days of the enactment of this section. An entity shall not knowingly employ or  
23 retain a reverse mortgage loan originator unless the reverse mortgage loan originator is licensed  
24 hereunder.

25 (b) The commissioner shall adopt rules and regulations relative to the lending practices relative to  
26 reverse mortgages, including but not limited to; an application for a license shall be in writing and in the  
27 form prescribed by the commissioner, signed under the pains and penalties of perjury, and shall contain  
28 the name, address and license number of the entity with whom a mortgage loan originator is employed or  
29 associated and other information as the commissioner may require, including evidence of compliance of  
30 subsection (b). Such application shall also include a description of the activities of the application, in  
31 such detail and for such periods as the Commissioner may require, as well as such further information as  
32 the Commissioner may require. The Division shall investigate each applicant and such investigation shall  
33 include a criminal records check based on the fingerprints of the applicant and a civil records check. The  
34 Division shall require each applicant to file a set of the applicant's fingerprints, taken by a law  
35 enforcement agency, and any other information necessary to complete a statewide and nationwide  
36 criminal check with the Criminal Investigation Bureau of the Department of Justice for state processing  
37 and the Federal Bureau of Investigation for federal processing. All costs associated with the criminal  
38 history check shall be determined annually by the Commissioner of administration under the provisions

39 of Section three B (3B) of Chapter Seven (7). All costs associated with the criminal history check are the  
40 responsibility of the applicant. Criminal history records provided to the Division under this section are  
41 confidential and the Division may use the records only to determine if the applicant is eligible for  
42 licensure. The commissioner shall adopt such regulations on or before July 1, 2009.