

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3878

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**Version:** As introduced

**Authors:** Samuelson and others

**Subject:** Incentives for reverse mortgages

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### Overview

This bill involves reverse mortgage loans. A reverse mortgage loan is an arrangement in which the lender makes monthly payments to the borrower, instead of the other way around. The borrower gives the lender a mortgage on the borrower's home to secure repayment of the monthly payments, and the mortgage debt grows over time. When the borrower dies, or when the property is sold, the loan gets repaid out of the value of the property. A reverse mortgage loan can be a means of funding long-term care for the borrower.

#### Section

- 1 Counseling; requirement; penalty.** Requires that the counseling required for applicants for a reverse mortgage loan include information on the new incentives provided in sections 6, 7, and 8 of this bill, involving access to alternative care services, an exemption from the mortgage registry tax, and eligibility for state subsidies of some costs connected with a reverse mortgage loan.
- 2 Reverse mortgage information and referral.** Requires the DHS commissioner to coordinate with the housing finance commissioner to establish an information and referral service to provide information about reverse mortgages and to coordinate training of counselors and lenders.
- 3 Consumer information and assistance; Senior LinkAge.** Requires the board on aging to provide information about reverse mortgages, including the new incentives provided in the bill.
- 4 Definitions.** Adds information about reverse mortgages to a list of items included in the

**Section**

definition of "long-term care consultation services."

- 5**        **Assessment and support planning.** Provides that a community support plan (developed to help a person continue to live in the community) that includes use of a reverse mortgage must include a spending plan for the reverse mortgage payments.
- 6**        **Services for persons using reverse mortgages.** Makes alternative care services under medical assistance available for a person who has used a reverse mortgage loan to stay in the community and does not yet otherwise qualify for medical assistance.
- 7**        **Exemptions.** Provides an exemption from mortgage registration tax for a reverse mortgage.
- 8**        **Reverse mortgage incentive program.** Requires the commissioner of the housing finance agency to pay certain mortgage-related costs for people obtaining a reverse mortgage loan who meet certain requirements.
- 9**        **Reverse mortgage information and referral.** Duplicates section 2, except that it requires the commissioner of the housing finance agency to coordinate with the DHS commissioner, instead of the reverse.
- 10**       **Appropriation.** Appropriates money from the general fund for purposes of this bill.