



Rep. Arthur Turner

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09900SB1440ham002

LRB099 03529 MGM 35534 a

1 AMENDMENT TO SENATE BILL 1440

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1440, AS AMENDED,  
3 with reference to page and line numbers of House Amendment No.  
4 1, as follows:

5 by replacing line 16 on page 4 through line 16 on page 6, with  
6 the following:

7 "(a) The Office of the Attorney General shall develop the  
8 content and format of an educational document providing  
9 independent consumer information regarding reverse mortgages,  
10 potential alternatives to reverse mortgages, and the  
11 availability of independent counseling services, including  
12 services provided by nonprofit agencies certified by the  
13 federal government to provide required counseling for reverse  
14 mortgages insured by the U.S. Federal Government. The document  
15 shall also include a statement that the terms of a reverse  
16 mortgage may adversely affect the applicant's eligibility to  
17 obtain a tax deferral under the Senior Citizens Real Estate Tax

1 Deferral Act. The document shall be updated and revised as  
2 often as deemed necessary by the Office of the Attorney  
3 General.

4 (b) Lenders are required to provide each borrower a  
5 document regarding the availability of counseling services  
6 that shall be in at least 12-point font, containing contact  
7 information (including agency name, address, telephone number,  
8 and, if applicable, website) for agencies approved by the U.S.  
9 Department of Housing and Urban Development (HUD) to conduct  
10 reverse mortgage counseling. The agencies included on the list  
11 shall be in accordance with requirements for the Federal  
12 Housing Administration's Home Equity Conversion Mortgage  
13 Program. This document shall contain the following statement:

14 "IMPORTANT NOTICE: Under Illinois law, reverse mortgages  
15 are non-recourse loans secured by real or homestead property.  
16 Reverse mortgages insured by the U.S. Federal Government, known  
17 as Home Equity Conversion Mortgages or HECM loans, require  
18 people considering reverse mortgages to get counseling prior to  
19 submitting a completed application for the loan from an agency  
20 approved by the U.S. Department of Housing and Urban  
21 Development (HUD) to conduct reverse mortgage counseling.

22 The purpose of the counseling is to help the prospective  
23 borrower understand the financial implications, alternatives  
24 to securing a reverse mortgage, borrower obligations, costs of  
25 obtaining the loan, repayment conditions, and other issues.  
26 Counseling can also be a benefit to people considering reverse

1 mortgages not insured by the federal government. There are  
2 advantages to receiving this counseling in person, as this  
3 method allows for greater participation by the prospective  
4 borrower, and also allows the counselor to more accurately  
5 determine the prospective borrower's understanding of the  
6 program. However, counseling can also be conducted over the  
7 telephone.

8 In accordance with federal requirements, Illinois State  
9 law requires reverse mortgage lenders to provide potential  
10 reverse mortgage borrowers with a list, including contact  
11 information, of agencies that are approved by HUD to conduct  
12 reverse mortgage counseling. Contact information for  
13 additional approved counseling agencies is available from HUD  
14 or your lender.".

15 (c) At the time of the initial inquiry regarding a reverse  
16 mortgage or, if not practically feasible, after the borrower  
17 makes a request to apply for a reverse mortgage, a lender shall  
18 provide to the borrower the documents described in subsections  
19 (a) and (b) of this Section."; and

20 on page 7, line 14, by deleting "and an analysis of the  
21 commitment"; and

22 on page 7, line 22, by replacing "precludes" with "shall  
23 preclude"; and

1 on page 7, line 25, after "home" by inserting "or the lender's  
2 lien"; and

3 on page 8, line 7, by removing "or"; and

4 on page 8, by replacing lines 8 through 11 with the following:

5 "(3) offer an annuity to the borrower before the  
6 closing of the reverse mortgage or before the expiration of  
7 the right of the borrower to rescind the reverse mortgage  
8 agreement;

9 (4) refer the borrower to anyone for the purchase of an  
10 annuity before the closing of the reverse mortgage or  
11 before the expiration of the right of the borrower to  
12 rescind the reverse mortgage agreement; or

13 (5) provide marketing information or annuity sales  
14 leads to anyone regarding the prospective borrower or  
15 borrower before the closing of the reverse mortgage or  
16 before the expiration of the right of the borrower to  
17 rescind the reverse mortgage loan."; and

18 on page 8, line 24, after "Program", by inserting ", nor shall  
19 it prohibit a borrower from using the loan proceeds to purchase  
20 products or services from a lender that is a financial  
21 institution in the ordinary course of the financial  
22 institution's business"; and

1 on page 9, by replacing lines 5 through 9 with the following:

2 "(1) the borrower has received from the lender the  
3 educational document prepared by the Office of the Attorney  
4 General required in subsection (a) of Section 15 and the  
5 document required in subsection (b) of Section 15 regarding  
6 the availability of counseling services on reverse  
7 mortgages;"; and

8 on page 9, line 21, after "product;", by inserting "however,  
9 nothing in this paragraph (3) shall preclude a lender from  
10 requiring the borrower to purchase property and casualty  
11 insurance, title insurance, flood insurance, or other such  
12 products meant to insure or protect the value of the home or  
13 the lender's lien and that are customary for residential  
14 mortgage or reverse mortgage transactions;"; and

15 on page 9, by replacing lines 22 through 26 with the following:

16 "(4) no offer an annuity was made to the borrower  
17 before the closing of the reverse mortgage or will be  
18 before the expiration of the right of the borrower to  
19 rescind the reverse mortgage loan;

20 (5) the borrower was not referred to anyone for the  
21 purchase of an annuity before the closing of the reverse  
22 mortgage or will be before the expiration of the right of  
23 the borrower to rescind the reverse mortgage loan;

24 (6) the borrower was not provided marketing

1 information or annuity sales leads to anyone regarding the  
2 prospective borrower or borrower before the closing of the  
3 reverse mortgage or will be before the expiration of the  
4 right of the borrower to rescind the reverse mortgage loan;  
5 and"; and

6 on page 10, line 1, by replacing "(5)" with "(7)"; and

7 on page 10, line 13, after "obligations", by inserting ", nor  
8 shall it prohibit a borrower from using the loan proceeds to  
9 purchase products or services from a lender that is a financial  
10 institution in the ordinary course of the financial  
11 institution's business"; and

12 on page 10, by replacing lines 14 and 15 with the following:

13 "(b) The lender".