

SENATE No. 479

The Commonwealth of Massachusetts

In the Year Two Thousand 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 Subsection (i) of Section 7 of chapter 167 E is hereby repealed.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
4 Originator approved by the DOB to negotiate, arrange, or sell Reverse Mortgages to Consumers.
5 A person whose activities are ministerial and clerical will not be deemed to be acting as an
6 ARLO.

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

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

10 “Commissioner” means the Commissioner of the DOB

11 “Reverse Mortgage” means a nonrecourse Mortgage Loan in which: (1) a mortgage,
12 deed of trust, or equivalent consensual security interest securing one or more advances is created

13 in the Consumer's principal dwelling located in Massachusetts; and (2) any principal, interest, or
14 shared appreciation or equity is due and payable (other than in the case of default) only after: (i)
15 the Consumer dies; (ii) the dwelling is transferred; or (iii) the Consumer ceased to occupy the
16 dwelling as a principal dwelling

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

19 Section 7A. Licensure of Reverse Mortgage Loan Originators

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

27 (b) The commissioner shall adopt rules and regulations relative to the lending
28 practices relative to reverse mortgages, including but not limited to; an application for a license
29 shall be in writing and in the form prescribed by the commissioner, signed under the pains and
30 penalties of perjury, and shall contain the name, address and license number of the entity with
31 whom a mortgage loan originator is employed or associated and other information as the
32 commissioner may require, including evidence of compliance of subsection (b). Such
33 application shall also include a description of the activities of the application, in such detail and
34 for such periods as the Commissioner may require, as well as such further information as the

35 Commissioner may require. The Division shall investigate each applicant and such investigation
36 shall include a criminal records check based on the fingerprints of the applicant and a civil
37 records check. The Division shall require each applicant to file a set of the applicant's
38 fingerprints, taken by a law enforcement agency, and any other information necessary to
39 complete a statewide and nationwide criminal check with the Criminal Investigation Bureau of
40 the Department of Justice for state processing and the Federal Bureau of Investigation for federal
41 processing. All costs associated with the criminal history check shall be determined annually by
42 the Commissioner of administration under the provisions of Section three B (3B) of Chapter
43 Seven (7). All costs associated with the criminal history check are the responsibility of the
44 applicant. Criminal history records provided to the Division under this section are confidential
45 and the Division may use the records only to determine if the applicant is eligible for licensure.
46 The commissioner shall adopt such regulations on or before July 1, 2009.