

**HOUSE . . . . . No. 4406**

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The Commonwealth of Massachusetts



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*August 13, 2014*

To the Honorable Senate and House of Representatives,

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth of Massachusetts, I am returning to you for amendment Section 90 of House Bill 4377, “An Act Promoting Economic Growth Across the Commonwealth.”

Informed consumers are empowered consumers, particularly in the context of complex financial products. As the Legislature recognized in 2010, reverse mortgages are inherently complex. While they may be useful in certain circumstances to help older members of our population access equity they have built up in their homes, they also are readily misunderstood. For this reason, the 2010 “Act Relative to Mortgage Foreclosure” provided that no reverse mortgage would be final until the borrower received third-party advice relative to the appropriateness of the transaction. That legislative judgment was correct — no borrower should hear only from his prospective lender before entering into a complex financial deal. And each lender should have the incentive to insure borrower access to objective sources. The legislation provided that incentive.

But these provisions still have not taken effect. They were slated to do so in August 2012, and were delayed at that time to August 1, 2014. Section 90 of this legislation further delays the counseling requirement until August 1, 2016. I am aware that there are a limited number of licensed counseling services to provide in person counseling in the Commonwealth, especially outside of the greater Boston area. However, the counseling requirement provides a

valid consumer protection. Accordingly, I propose amending section 90 of this legislation to immediately require counseling, but to allow telephonic counseling by entities certified by either the Executive Office of Elder Affairs or by the federal Department of Housing and Urban Development for the next two years to allow time to ramp up in person counseling services.

For this reason, I recommend that Section 90 of House Bill 4377, be amended as follows:

By striking out SECTION 90, and inserting in place thereof the following section:–

SECTION 90. Subsection (b) of Section 65C ½ of chapter 171 of the General Laws, as appearing in the 2012 official addition, is hereby amended by inserting after “such counseling” the following sentence:– provided further that for any reverse mortgage loan closing prior to August 1, 2016, a written certification received by the mortgagee from a third-party organization reflecting that the mortgagor has received telephonic counseling relative to the appropriateness of the loan transaction shall be sufficient if the third-party organization has been approved by the executive office of elder affairs for the purposes of such counseling or by the federal Department of Housing and Urban Development for the purpose of mortgage counseling.

Respectfully submitted,

Deval L. Patrick,  
*Governor*