A.B. 352

ASSEMBLY BILL NO. 352–ASSEMBLYMEN HARDY, KRAMER, TOLLES; EDWARDS, ELLISON, HAFEN, KRASNER, LEAVITT, ROBERTS AND WHEELER

MARCH 19, 2019

JOINT SPONSORS: SENATORS HAMMOND, HARDY; AND PICKARD

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing certain mortgages. (BDR 52-698)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to mortgages; requiring certain disclosures in certain documents and advertising relating to a reverse mortgage; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that a lender who willfully engages in an unfair lending practice relating to home loans is guilty of a misdemeanor. (NRS 598D.110) This bill makes it an unfair lending practice for a lender to advertise or make a reverse mortgage home loan without including, in a prominent type face, certain disclosures about the conditions of the loan and the obligations of the homeowner.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 598D of NRS is hereby amended by adding thereto a new section to read as follows:

1. It is an unfair lending practice for a lender to advertise or make a reverse mortgage home loan without including the following disclosures:

(a) A reverse mortgage is a loan using your home as collateral. There are closing costs. A home owner receives a cash amount. Most reverse mortgages last until the death of the borrower or borrowers, but some have time limits, such as 2 or 5 years. The amount of the loan is calculated on an actuarial analysis based on the ages of the borrower or borrowers. If an owner pays off the loan prior to its contractual end, the principal, the closing costs and the interest, which may be substantial, must be repaid.

(b) A reverse mortgage loan has the following conditions:

(1) For not less than 6 months of the year, the home must be the principal residence of the owner.

(2) The property taxes must be kept current by the owner.

(3) The owner must keep the property insured.

(4) No portion of the property may be rented out, including, without limitation, a room or the garage.

(5) The property must be maintained, including, without limitation, the roof, electrical and plumbing systems and fences, and be protected from wood-destroying insects and vermin.

(6) The owner may not materially change the property, such as filling in a swimming pool or removing a deck or porch.

(7) Additional loans may not be made using the property as security.

➥ Should any of these conditions not be met, the loan may be terminated by the lender, requiring the owner to repay the loan or forfeit the home to the lender.

2. The mortgage, deed of trust or other instrument must expressly indicate in writing in at least 14-point bold type on the front page of the mortgage, deed of trust or other instrument, a caption that the home loan is a reverse mortgage and is subject to the provisions of subsection 1. The disclosures required by subsection 1 must be in writing in a size equal to at least 12-point bold type and printed immediately below the foregoing caption.

3. A printed advertisement or solicitation offering a reverse mortgage home loan must expressly include the disclosures required by subsection 1. The disclosures must be in writing in bold type at least as large as the majority of the text in the advertisement or solicitation.

Sec. 2. The provisions of this act do not apply to a loan that is entered into before October 1, 2019.

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